GRAPHISOFT PARK SE

Interim Management Report – First Quarter 2023

May 9, 2023

GRAPHISOFTPARK

Executive Summary

The **pro forma net result of 2.05 million euro in the first quarter of 2023** is significantly – by 640 thousand euro – higher than the same period of the previous year and is also more favorable than the previously published forecast for 2023. The result, which surpasses the previous ones, is due to the increased indexation of the rental fees, as well as the still high **occupancy rate of 97%**, which exceeds the Budapest average. In addition, the interest income recognized on free forint funds and the exchange rate difference accounted due to the strengthening of the forint in the current period, also have a significant impact on profit. To a lesser extent, but also contributing to the favorable result is the better-than-planned development of operating costs in the first quarter, as some service fees and one-off items planned for 2023 have not yet arisen in the current period.

Despite the better-than-expected results, taking into account the experiences of the first quarter and the market trends, the Company continues to **maintain its previous forecast for the year 2023: with sales of 16.3 million euros, we expect a pro forma net result of 6.3 million euros**. Although the first quarter result is outstanding, risk factors that may affect the Company in the rest of the year must be considered. In the case of some tenants, it may arise that they require a smaller area in order to reduce their costs, which trend may be further enhanced by the expected oversupply in the office market. At the same time, in our opinion, the tenants of Graphisoft Park, who are mostly technology and knowledge-based companies employing highly qualified employees, in their case, personnel costs still make up a significant part of the total costs, therefore the rental fees and increased utility costs as a result of the energy crisis are only represent a smaller proportion of their total cost structure. In addition, the development of the world market price of energy is currently more favorable than in previous quarters, which also reduces the burden on tenants. Considering the expected result of the Company, in the case of operating costs in 2023, inflationary increases cannot be avoided, and the costs of projects that support tenant needs and promote energy efficiency, optimization of energy consumption and operation must also be taken into account. Furthermore, in accordance with the above, the Company is currently preparing its ESG strategy with the involvement of experts, which will be published in 2023 with the publication of the first ESG report. In addition to these, there may be changes in the forint interest rate environment during the year, as a result of which the interest income that can be realized in the following quarters is expected to decrease. Besides, the volatility of the forint may also adversely affect the exchange rate difference realized on the forint assets, which risks were already considered in our previously published – and currently unmodified – forecast.

In addition to all this, as the Company published on April 28, 2023, based on the resolution of the General Meeting, a **dividend of** around **5.4 million euros** corresponding to 90% of the previous year's pro forma result **will be paid in forint** (201 HUF per ordinary share). The starting date for dividend payments will be May 12, 2023. After the dividend payment, the Company's available cash balance and the cash generated during the operations ensure the long-term safe operation of the company, ensure the financing of individual tenant designs, building modernizations and renovations, and provide a basis for the implementation of projects supporting the achievement of decarbonization goals.

Transition to the listing of shares in euros and postponement of the payment of dividends in euros

Following the approval of the extraordinary general meeting held on November 29, 2022, the Company submitted its application to the Budapest Stock Exchange (BÉT) regarding the modification of the trading currency in the product brochure of the Company's shares, and the date of the transition, i.e. the start date of euro-based trading – with regard to the IT and administrative tasks arising at organizations managing securities accounts – we set February 15, 2023. According to the relevant decisions of the BÉT, forint-based trading ended on February 10, 2023, and after the two-day suspension necessary for the transition and the unimpeded settlement of transactions still concluded in HUF, trading in euros could start on February 15, 2023. However, according to the information announced by the Company on March 27, 2023, the dividend payment in euros has been postponed: the transition at the organizations managing securities accounts requires longer preparation than previously estimated, therefore the dividend for the 2022 business year will be paid by the Company in forints according to previous practice. At the same time, the Company's goal is to implement the payment of dividends in euros in the future by making appropriate preparations and by eliminating the unforeseen difficulties experienced during the transition of the trading currency.

Property portfolio and fair value of net assets

At the end of 2023 Q1, the independent valuer estimated the **fair value of the real estate portfolio at 230.5 million euros**, which represents a **decrease of 400 thousand euros** compared to the end of 2022. In more detail, the fair value of the completed and delivered properties decreased by **260 thousand euros** compared to the end of the previous year, while the fair value of development lands decreased by **140 thousand euros**. Volatility of energy prices, high inflation and general market uncertainty – especially with regard to the expected development of an oversupply in the office market – are the risk factors that caused the yield to increase further compared to the end of prior year, at the same time, thanks to the stable tenant base in the office park and the high utilization of the buildings, this together caused a marginal decrease in the value of properties. The slight (1%) decrease in the value of the development lands was primarily caused by the further increase in the expected cost requirements of future developments, the well-known cause of which is the drastic increase in raw material prices and labor fees. In addition, the expected time of implementation of the constructions also affects the fair value, which is also influenced by the narrowing investment opportunities due to oversupply in the near future, and the expected duration of the northern development area remediation.

Due the previously persistently low interest rates in the eurozone, which are not expected to decrease significantly in the next 1-2 years, the **fair value**[1] **of the interest rate swap hedging transactions** concluded by the Company to fix the interest rates of its euro-based loans **is still favorable** (it increased by around 9 million in 2022), which increase is reflected in equity (net asset value). In the meantime, the Company's outstanding **loan portfolio** went below **90 million euros** due to the continuous repayments. **By the end of the first quarter of 2023**, the Company's **cash balance** increased to **15 million euro**, which will ensure, in addition to the dividend payment due in the second quarter, the long-term safe operation of the company, the financing of individual tenant designs, building upgrades and renovations, and also forms a reserve for the possible negative effects of the changing economic environment.

As a result of all this, despite the **slight decrease in the fair value of the real estate portfolio**, the **net asset fair value** of the Company **exceeded the previous yearend's value by 2.5 million euros and reached 160 million euros**.

[thousands of EUR]

	Dec 31, 2021	Dec 31, 2022	March 31, 2023
Completed, delivered properties	218,256	215,105	214,838
Development lands	22,860	15,760	15,620
Estimated fair value of the entire property portfolio	**241,116**	**230,865**	**230,458**
Net asset value at estimated fair value	**150,876**	**157,577**	**160,079**
Net asset value at fair value per share (EUR)	14.96	15.63	15.88

[1] The fair value of hedges is intended, among other things, to estimate how much more expensive (in the case of a negative fair value, cheaper) a similar loan could be obtained today. In addition to the current market interest rate environment, the fair value is influenced by several external factors (HUF/EUR exchange rate, monetary policy measures or future interest rate expectations). The development of these factors may result in a significant and in some cases unpredictable changes in the direction and degree of change in the fair value.

Pro forma results

Our "pro forma" financial results for the first quarter of 2023 were favorable: as a result of high utilization and the applied euro-based indexation, **revenues exceeded the same period of the previous year by 373 thousand euros, nearly 10%**. Most of the other income reflects the results of the construction and renovations of the rental property requested and financed by the tenants. In the current period, this result was reduced by the costs assumed by the Company, which are related to the reduction of energy consumption in the leased areas and the decarbonization strategy of the operation. In the first quarter, operating costs show only a small increase compared to the base period. At the same time, starting from the next quarter we plan to increase the price of services used to a greater extent, since the inflationary increase in the price of certain items will start from April. As previously predicted, the depreciation decreased slightly compared to the same period of the previous year due to the depletion of some older assets. The significant increase in the financial result is the combined result of several effects: as a result of loan repayments, the interest payable on the outstanding capital is reduced, in addition to this, interest income realized on forint assets also developed more favorably, and the strengthening of the forint in the first quarter of this year also had a positive effect on the exchange rate difference realized on our assets held in forint. As a result of the above, in the first quarter of 2023, EBITDA exceeds the same period of the previous year by 216 thousand euros, or 6%, and the **profit after tax by 642 thousand euros, which is 46%.**

(million euros)	2022 Q1 actual	2023 Q1 actual
Rental revenue	**3.82**	**4.20**
Other income (expense) (net)	0.12	(0.02)
Operating expense	(0.25)	(0.27)
EBITDA	**3.69**	**3.91**
Depreciation	(1.73)	(1.71)
Operating profit	**1.96**	**2.20**
Net financial result	(0.54)	(0.14)
Profit before tax	**1.42**	**2.06**
Income tax expense	(0.01)	(0.01)
Net profit	**1.41**	**2.05**

Forecast

Despite the better-than-expected first quarter results, we still maintain our previous cautious forecast for the entire year. In terms of rental revenues, in addition to the increasing effect of indexation on sales, we are planning a moderate increase of 5% compared to the previous year and expect a rental revenue of 16.3 million euros, also considering some needs to reduce the area due to the economic situation and uncertainty. When planning the operational costs - which are expected to exceed the 2022 costs by nearly 400 thousand euros - in addition to the inflationary increase in the price of the services, we also take into account the other tasks that arise in line with our ESG strategy that is currently being developed (projects aimed at the efficiency of building operations, optimization of energy consumption, the data required for these also with the costs of developments enabling its measurement and analysis). Most of the other income reflects the result of the design and renovation of the rental property ordered by the tenants, the feasibility of which depends on the volume and timing of the tenants' needs. Overall, despite the expenses incurred in the first quarter, we expect no significant change compared to previous years. Based on these, in 2023, slightly exceeding the previous year, the EBITDA may reach 15 million euros. The depreciation in 2023 is expected to decrease by 100 thousand euros in total due to the depletion of some older assets. As a result of continuous loan repayments, the interest to be paid on the principal debt is reduced, and the interest income realized on free funds is also favorable. But at the same time, due to the volatility of the forint, the exchange rate loss on our assets held denominated in forint may reduce the financial result. In 2023, due to uncertain exchange rate fluctuations, we expect a higher net financial cost of around 1.8 million euros. As a result of all this, the **pro forma net result** may increase by almost 5% and reach **6.3 million euros** in 2023.

(million euros)	2021 actual	2022 actual	*2023 plan*
Rental revenue	**14.66**	**15.54**	***16.3***
Other income (net)	0.56	0.64	*0.5*
Operating expense	(1.27)	(1.42)	*(1.8)*
EBITDA	**13.95**	**14.76**	***15.0***
Depreciation	(7.17)	(7.01)	*(6.9)*
Operating profit	**6.78**	**7.75**	**8.1**
Net financial result	(1.92)	(1.71)	*(1.8)*
Profit before tax	**4.86**	**6.04**	***6.3***
Income tax expense	(0.02)	(0.02)	*(0.0)*
Net profit	**4.84**	**6.02**	***6.3***

We are right in our pursuit of the "micro Silicon Valley" concept articulated some 25 years ago. Even during recessionary economic prospects and long-term changing and transforming office use needs, it is worth focusing on a well-defined customer base in real estate development, in our case, domestic and international companies dealing with technological development. Attracting talent is the key to success in this area. This is greatly enhanced by the high-quality and environmentally conscious architecture, a uniquely quiet park rich in ancient trees, on the truly green bank of the Danube, surrounded by the monuments of the former Óbuda Gas Factory and preserved in a modern way.

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer

Financial highlights

IFRS, consolidated, thousand EUR

Results:

	Results	
	March 31, 2022	**March 31, 2023**
	3 months ended	
Rental revenue	**3,822**	**4,195**
Operating expense	(253)	(271)
Other income (net)	121	(18)
EBITDA	**3,690**	**3,906**
Depreciation and amortization	(1,730)	(1,706)
Operating profit	**1,960**	**2,200**
Net interest expense	(384)	(216)
Other financial result	(160)	74
Profit before tax	**1,416**	**2,058**
Income tax expense	(7)	(4)
Pro forma profit after tax (1)	**1,409**	**2,054**
Pro forma profit after tax per share (EUR) (2)	**0.14**	**0.20**
Valuation difference of investment properties	(80)	(531)
Unrecognized depreciation	1,677	1,653
Profit after tax according to financial statements	**3,006**	**3,176**
Profit after tax per share according to financial statements (EUR) (2)	**0.30**	**0.31**

(1) “Pro forma” results show profit and loss according to the cost model.

(2) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).

IFRS, consolidated, thousand EUR

Asset value:

	December 31, 2022	March 31, 2023
Fair value of properties	**215,105**	**214,838**
-from this book value (1)	*213,612*	*213,421*
Fair value of development lands	**15,760**	**15,620**
- from this book value (1)	*8,354*	*8,354*
Entire property portfolio at estimated fair value	**230,865**	**230,458**
Net asset value at estimated fair value (2)	**157,577**	**160,079**
Net asset value at cost (1)	*149,619*	*152,319*
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2) (3)	**15.63**	**15.88**
Net asset value at book value per share (euro) (1) (3)	*14.84*	*15.11*

(1) Investment properties and investment properties under construction are fair valued in the financial statements, while development lands and owner-occupied property are stated at cost. Development lands are presented under "Investment properties" and owner-occupied properties under "(Owner-occupied) Property, plant and equipment" in the balance sheet. As a result, instead of accounting depreciation, current period change in fair value is presented in the profit or loss.

(2) Estimated net asset fair value contains both development lands and owner-occupied properties on fair value instead of cost.

(3) Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined (refer to Note 1.3 to the financial statements).

Net asset value at book value and net asset value at fair value (equity) are disclosed in Note 23 to the financial statements.

Detailed Analysis

In this business report, Graphisoft Park presents the progress made toward its goals in the following areas:

- 2023 Q1 results ("pro forma" results and results according to the financial statements),
- Utilization, occupancy,
- Development and modernization plans,
- Financing,
- Forecast for 2023.

"Pro forma" results of 2023 Q1

"Pro forma" results of the first quarter of 2023 changed compared to the same period of 2022 because of the following main factors:

- **Rental revenue** (2023: 4,195 thousand euros; 2022: 3,822 thousand euros) grew by 373 thousand euros, or 10% compared to the same period of last year, due to the stable utilization of the office park and the increasing euro-based indexation of tenant contracts.

- **Operating expense** (2023: 271 thousand euros; 2022: 253 thousand euros) increased by 7% compared to the same period of last year, which was primarily caused by an inflation-following increase in some property-related costs and other operating costs.

- **Other income (expense)** (2023: 18 thousand euros expense; 2022: 121 thousand euros income) net amount was 139 thousand euros lower than the base of last year. This is largely the result of periodical developments and refurbishments of the rental property based on the request and expense of the tenants. In the current period this result was reduced by the costs of the Company's contribution to the reduction of the energy consumption of the leased areas and the decarbonization strategy of the operation.

- **Depreciation** charge (2023: 1,706 thousand euros; 2022: 1,730 thousand euros) is slightly, around 1% lower than in the previous period, mainly due to the depletion of some older assets.

- **EBITDA** (2023: 3,906 thousand euros; 2022: 3,690 thousand euros) grew by 216 thousand euros, which is 6%, while **operating profit** (2023: 2,200 thousand euros; 2022: 1,960 thousand euros) increased by 240 thousand euros, or 12% compared to the previous year.

- **Net interest expense** (2023: 216 thousand euros; 2022: 384 thousand euros) decreased significantly by 168 thousand euros compared to prior year partly because of the declining principal amounts due to loan repayments, and partly as a result of the interest income on forint assets in current year.

- **Other financial result** (2023: 74 thousand euros gain; 2022: 160 thousand euros loss) is primarily influenced by the exchange rate difference of our forint-denominated assets, which in 2023 Q1 is more favorable compared to the previous year due to the significant strengthening of the forint.

- The balance of **income tax expense** (2023: 4 thousand euros; 2022: 7 thousand euros) is minimal as the Group – except for Graphisoft Park Engineering & Management Kft. – has "SzIT" status and as such is not subject to corporate income tax and local business tax.

- Overall, **net profit** (2023: 2,054 thousand euros; 2022: 1,409 thousand euros) is significantly, 645 thousand euros, or 46% higher compared to the same period of last year.

2023 Q1 results according to the financial statements

In the first quarter of 2023, results according to the financial statements are 1,122 thousand euros higher than the "pro forma" results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 1,653 thousand euros, while fair value losses decreased the results by 531 thousand euros. As previously the economic situation due to covid, the current energy crisis, high inflation and shrinking demand for office space will affect the entire office market in the coming periods. Even considering these effects, according to the independent valuer's calculations, they resulted in only a moderate decrease in the fair value of the completed and leased properties in the case of Graphisoft Park, given the still high and stable occupancy rate.

In 2022 Q1, results according to the financial statements are 1,597 thousand euros higher than the "pro forma" results: unrecognized depreciation expense of investment properties increased the results by 1,677 thousand euros, while fair value losses decreased the results by 80 thousand euros.

Details of changes in fair values are disclosed in Note 9 (Investment property) to the financial statements.

Utilization, occupancy

Occupancy rate of Graphisoft Park's gross leasable area developed as follows (at the end of each quarter):

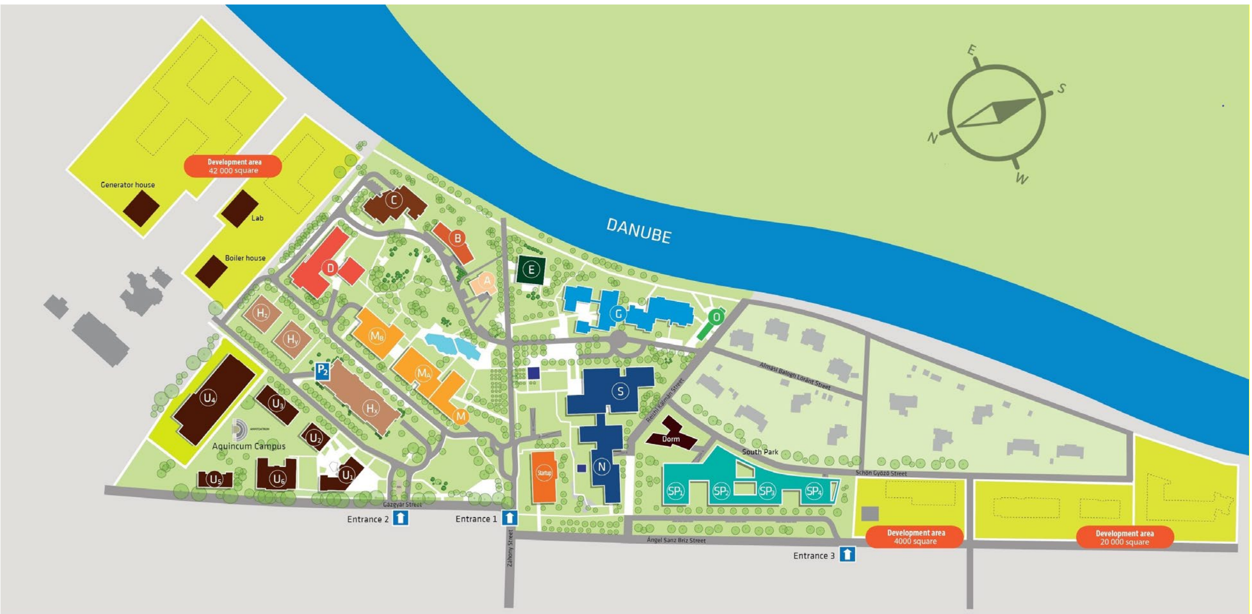
Period:	**2022Q1**	**2022Q2**	**2022Q3**	**2022Q4**	**2023Q1**
Occupancy of gross leasable area (%):	**97%**	**98%**	**98%**	**97%**	**97%**
Gross leasable area (m^2):	82,000	82,000	82,000	82,000	82,000

During 2020, the previously persistently high utilization rate declined slightly to 94%, partly due to the economic downturn caused by the coronavirus epidemic and partly to individual tenant needs. During 2021, despite the protracted crisis, the level of occupancy started to increase again, and it reached 98% by the 2^{nd} quarter of 2022. In the last quarter of 2022, due to the drastic increase in energy prices and the recessionary economic environment, some tenants optimized their office use and reduced a bit their need for space, however, the utilization decreased by only 1% remaining stable at 97%, proving the significant and lasting demand for the office park dominated by the green environment as a working place.

Graphisoft Park's tenants make longer commitments than the national average. The Park's unique natural environment and its information technology focus (the "micro Silicon Valley" concept) provide the space in which globally acclaimed companies have settled as tenants and expanded continuously over time. Examples for these companies are Microsoft (from 1998), SAP (from 2005) or Servier (from 2007); and the Park's naming tenant and founder, Graphisoft SE (from 1998), which now operates wholly independently as a software company. It is also important to highlight that smaller tenants are staying in the Park for more than 5 years on average and keep extending (average 1-3 years) their leases after expiration. Due to the peculiarities of the Park, we can meet the growth needs of the tenants: start-ups can become tenants of the Park even with a 1 year contract, and later they will also have the opportunity to expand in line with their growth path. The average lease term in the Park calculated with the starting date of current tenants' earliest lease agreements (in certain cases lease agreements concluded with the predecessor of Graphisoft Park Group) is 15.1 years, and in case of existing lease contracts the weighted average lease term to expiry is 2.6 years.

Development and modernization plans

By the completion of the new developments from September 2018, Graphisoft Park has **82,000 m^2 gross leasable area** as well as **underground parking for** around **2,000 cars** available for its tenants, ensuring the green dominance in the Park.



The southernmost part of the southern development area, named South Park II, offer room for another 20,000 m^2 potential development. The preparatory works were finished in 2020 to deliver new buildings on this area even within 18 months if demand would arise.

In addition, in 2021 the Company acquired a development land (Budapest III. 19333/60 hrsz.) of cca. 1,200 m^2 located directly between the already built-in South Park I and the development area named South Park II. This area, combined with the other plots already owned by the Company, enables the development of an additional 4,000 m^2 of leasable office space. In 2022 we received building permission for the possible development; however, the Company will decide on the initiation of the project at a later date, taking into account the conditions and the possibilities of the construction, in particular the development of raw material and energy prices, the possible capacity limitations and the general economic prospects, in addition to the requests of the tenants.

In the northern area no further preparatory work or development is allowed until MVM Next Energiakereskedelmi Zrt. completes its mandated rehabilitation duties in the area (see details below in the "Main risk factors - rehabilitation of the northern development area" section). After the remediation, this northern development area together with the unused part of the monument area will provide room for another 42,000 m^2 gross leasable area. Altogether this gives **development potential of around additional 66,000 m^2 gross leasable area, and as such, the gross leasable area might increase to 148,000 m^2 in the whole Graphisoft Park.**

Between 2017-2022, we carried out the systematic, mainly mechanical, modernization and renovation of several office buildings, on a total of nearly 25,000 m2, worth around 6.5 million euros. At the same time, in order to satisfy their own unique needs, the tenants financed additional investment of 6 million euros in the buildings. From 2023, the focus of our renovation and modernization programs will be on projects that increase energy efficiency, optimize energy consumption and support the achievement of decarbonization goals, which we will implement in constant consultation and cooperation with our tenants. Already in 2022 – partly due to the emerging energy crisis – we put a lot of emphasis on monitoring energy consumption, and in cooperation with the tenants, **we achieved savings exceeding 20%** by consciously reducing consumption. Furthermore, the calculation and evaluation of the carbon footprint for the year 2022 is in progress. In accordance with all of this, we are currently working with the involvement of experts on the development of the Company's ESG strategy, which we will publish in 2023 with the publication of the first ESG report.

Key characteristic of the Graphisoft Park domestic „Silicon Valley" concept is the sustained synergy between teams of startup entrepreneurs, global IT and technology focused companies and higher educational institutions as leading edge „knowledge-factories". Partnering relationships based on tight collaboration between technology firms, start-ups and educational institutions have been shaped among these three main pillars of Graphisoft Park, resulting in mutual support and strengthening and stimulating cooperation. The enhanced physical proximity and meaningful collaboration act as an attractive force and is recognized as a convenient source by all the three sectors. Management of the Park is consciously supporting the balanced presence of all three pillars and application of the full potential offered by their collaboration. We are open to accommodate educational institutions that act as knowledge centers and knowledge factories and fit the Park's concept.

Creative work, research and educational activities are further supported by the Park's Management by sustainably ensuring inspiring environment. Our goals are the increase of comfort levels, thus the levels of productivity for all Park tenant's creative and productive staff, the development of tools for promoting communities, hosting of relevant events and programs for further improvement of creative work conditions for all our tenants. We also aim to develop conditions allowing for various leisure, recreational and sporting activities within the Park. We do all this consciously, in order to develop and sustain high levels of employee satisfaction and engagement, thus enhancing our tenants' competitiveness on the market. Management is committed to make the Park feel as a comfortable, pleasant second home for all resident employees, more than just a work-place.

Financing

We have executed a loan agreement with Erste Bank Hungary Zrt. in December 2015 with 10 years maturity to finance the development in the core area. In accordance with the loan agreement Erste Bank made a 4 billion HUF (12.6 million euro) credit facility and another 3 million euro credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. In order to hedge exchange rate risk associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) agreement in June 2016 covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract, by which we have converted the forint-based capital and the fixed interest payment obligations onto euro base.

We have executed a loan agreement with UniCredit Bank Hungary Zrt. in November 2016 with 10 years maturity to finance the ongoing development in the southern area. In accordance with the loan agreement UniCredit Bank made a 24 million euro credit facility available to Graphisoft Park within the National Bank of Hungary's Funding for Growth Scheme. The credit facility has fixed interest rate.

On November 30, 2017, we concluded a new euro-based, 10 years to maturity loan facility which is worth 40 million euro with Erste Bank Hungary Zrt., for the refinancing of the previous loan facility before its maturity, concluded with Aareal Bank AG. The remaining smaller part of the loan is used to finance the refurbishment of the older buildings of Graphisoft Park. The new loan facility is complemented by an interest rate swap agreement (IRS) for its entire term; as a result the interest rate is fixed for the full term of the loan.

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million euro value with UniCredit Bank in order to optimize the Company's capital structure and to take advantage of the current very favorable borrowing conditions, which has been drawn on December 30, 2019. To fix the interest rate, the new loan facility was also complemented by an interest rate swap agreement (IRS) for its entire term.

At the end of the period the notional value of the outstanding loan liability went below 90 million euro, which is currently 38.9% of the property fair value. After concluding the hedge agreements, all of the Company's outstanding loan liabilities have been switched to fixed interest rates for the 10 year loan term, which further strengthen the Park's stable operation. As of March 31, 2023, the average interest rate of the outstanding loan liabilities is 1.86% as a result of the concluded interest rate swaps. The increased positive fair value of interest rate swaps reflects the difference between the current financing conditions available in the higher interest rate environment and the Company's fixed interest rates.

Bank	Initial loan value	Due date	Outstanding loan amount on March 31, 2023
	(thousand euros)		(thousand euros)
Erste Bank Hungary Zrt	15,600	27.12.2025	8,937
UniCredit Bank Hungary Zrt	24,000	23.12.2026	17,200
Erste Bank Hungary Zrt	40,000	31.12.2027	31,131
UniCredit Bank Hungary Zrt	40,000	15.12.2029	32,482
Sum	119,600		89,750

Forecast for 2023

Despite our first quarter results that significantly exceeded expectations, taking into account the currently extremely high occupancy level, the indexed rents, and the domestic and European inflationary environment, the Company continues to maintain the forecast of the pro forma result for the year 2023:

(million euros)	2021 actual	2022 actual	*2023 plan*
Rental revenue	14.66	15.54	*16.3*
Other income (net)	0.56	0.64	*0.5*
Operating expense	(1.27)	(1.42)	*(1.8)*
EBITDA	13.95	14.76	*15.0*
Depreciation	(7.17)	(7.01)	*(6.9)*
Operating profit	6.78	7.75	*8.1*
Net financial result	(1.92)	(1.71)	*(1.8)*
Profit before tax	4.86	6.04	*6.3*
Income tax expense	(0.02)	(0.02)	*(0.0)*
Net profit	4.84	6.02	*6.3*

- Considering the high level of occupancy and the increasing, euro-based indexation of rents, **rental revenue** of 16.3 million euros is expected in 2023, which exceeds the 2022 revenue by more than 800 thousand euros, or 5%. In 2023, in addition to further indexation of rents, we also take into account the smaller area reduction needs due to the economic situation and uncertainty.

- We count with no significant change of **other income (net)**, which mainly contain net result of developments and refurbishments based on tenant requests.

- In 2023, based on the significant increase in the fees for the services used, we expect an increase in **operating costs** of nearly 400 thousand euros, which exceeds the increase of the previous years. A significant part of this arises in forint, which is expected to suffer high inflation, but we do not expect that this increase would be offset by the weakening of the forint exchange rate. In the current inflationary environment, the fees for services continue to rise, in parallel with all of this, we are also increasing personal payments, in addition, if necessary, we also count on the occurrence of payments during the year to compensate for the effects of inflation.

- As a combined effect of the above, according to our current calculations, **EBITDA** in 2023 is expected to exceed the previous year by around 240 thousand euros and will be 15 million euros.

- In 2023 **depreciation** (which does not affect the consolidated accounts according to the SzIT rules), due to the depletion of some older assets is expected to decrease by around 100 thousand euros compared to the previous year.

- **Net financial result** is expected to be favorable in 2023, due to the regular capital repayments and the interest income that can be realized on free funds. But at the same time, fluctuations in the HUF/EUR exchange rate may cause unexpected exchange rate losses. Overall, we expect net financial cost of 1.8 million euros in 2023.

- As a result, **pro forma net profit** is forecasted to be 6.3 million euros in 2023, which is by 300 thousand euros higher than in the prior year.

Main risk factors associated with the areas

Rehabilitation of the northern development area:

Due to the prior gasification activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020, the Pest County Government Office notified us about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area, and stated new deadlines of May 31, 2021, and September 30, 2022.

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021, and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the current deadline, to which we received the following information in response. MVM Next Energiakereskedelmi Zrt. still has the necessary permits to call for the construction tender and start construction, and has prepared the necessary documentation for the tender, however, despite its best intentions, it cannot make any responsible statement about the expected completion date of the remediation.

On December 23, 2022, Government Decree of 566/2022 (XII. 23) was published, which deals with the establishment of rules related to certain administrative authority procedures. On the basis of this decree, the legal entity obliged to remediate became entitled to request an extension of the remediation deadline from the environmental protection authority. If the application was submitted, the authority was obliged to grant the deadline extension. MVM Next Energiakereskedelmi Zrt., which is obliged to remediate the damage, submitted its request for this on December 27, 2022, which request was granted by the authority on December 28, 2022. The decree ruled out the possibility of an appeal, so the currently valid new deadline for carrying out the remediation and submitting the final documentation is December 31, 2024, and the deadline for the remediation of certain sub-areas and for sub-surface water is April 30, 2026.

The actual remediation work did not start till the date of this Report, and we are not aware of the preparation of the works either. Based on all of this, Graphisoft Park considers the date of the actual start and end of the remediation to be uncertain, and therefore does not see it possible to start developments in the northern development area within the foreseeable future.

Flood risk:

Potential flood risk due to the location on the Danube waterfront, which is to be reckoned with for the increasing water level fluctuation, despite the old Gasworks rampart protecting the area even during the historical high floods in 2013.

Economic environment:

Since the properties in Graphisoft Park are mainly rented by stable companies, operating in research & development, which are less affected by the crisis caused by the coronavirus epidemic, the utilization of the office park has decreased only slightly and temporarily as a direct effect of the crisis and is at 97% again. At the same time, temporary or longer-term vacancies may occur again soon because of the change in tenant behavior due to the hectic movements of the forint exchange rate, the high inflation rate and the energy crisis: this means that we must once again consider the demands for reducing office space and the permanent transformation of office use. Considering the risks affecting the rental revenue and the recession forecasts, we cannot exclude a more permanent devaluation of the property fair value either, as a result of the increasing market yield expectations.

***

Forecasts published here are based on the valid lease contracts in effect at the time of writing this report. We will not try to predict the number or value of new lease contracts on one hand, as we will not account for the scenario of current tenants not prolonging their leases after expiration on the other, only if they have given notice by the closing date of our business report.

Other factors significantly affecting results are changes in the HUF/EUR exchange rate (of which effects on the Company's results are unpredictable due to year-on-year fluctuations), the inflation rate and the regulatory environment with special regards to the tax regulations. In this forecast we calculate with an exchange rate of 390 HUF/EUR till the end of 2023, euro inflation rate of 9% and unchanged legal and taxation environment.

Forward-looking statements *- The forward-looking statements contained in this Interim Management Report involve inherent risks and uncertainties, may be determined by additional factors, other than the ones mentioned above, therefore the actual results may differ materially from those contained in any forecast.*

Statement of responsibility *- We declare that the attached Quarterly Report which have been prepared in accordance with the International Financial Reporting Standards and to the best of our knowledge, give a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*

Budapest, May 9, 2023

Kocsány János

Bojár Gábor	Kocsány János
Chairman of Board of Directors	Chief Executive Officer

GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended March 31, 2023

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, May 9, 2023

Kocsány János

Chief Executive Officer

Farkas Ildikó

Chief Financial Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
March 31, 2023

CONTENTS:

GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET
MARCH 31, 2023
(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2022	March 31, 2023
Cash and cash equivalents	3	12,236	15,286
Trade receivables	4	1,252	1,400
Current tax receivable	5	18	707
Other current assets	6	4,241	3,046
Current assets		**17,747**	**20,439**
Investment property	9	221,966	221,775
(Owner-occupied) Property, Plant and Equipment	7	1,256	1,229
Intangible assets	8	65	67
Long-term financial assets	13	8,118	7,456
Non-current assets		**231,405**	**230,527**
TOTAL ASSETS		**249,152**	**250,966**
Short-term loans	12	5,310	5,381
Trade payables	10	419	264
Current tax liability	5	459	442
Other short-term liabilities	11	5,855	6,814
Current liabilities		**12,043**	**12,901**
Long-term loans	12	83,533	82,460
Long-term financial liabilities	13	2,699	2,156
Other long-term liabilities	14	1,258	1,130
Non-current liabilities		**87,490**	**85,746**
TOTAL LIABILITIES		**99,533**	**98,647**
Share capital	1.3	250	250
Retained earnings		144,810	147,986
Treasury shares	22	(972)	(972)
Cash flow hedge reserve	12	7,937	7,436
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,087)	(3,062)
Shareholders' equity		**149,619**	**152,319**
TOTAL LIABILITIES & EQUITY		**249,152**	**250,966**

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME
MARCH 31, 2023
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended	
		March 31, 2022	**March 31, 2023**
Property rental revenue		3,822	4,195
Revenue	**15**	**3,822**	**4,195**
Property related expense	16	(24)	(32)
Employee related expense	16	(143)	(138)
Other operating expense	16	(86)	(101)
Depreciation and amortization	7, 16	(53)	(53)
Operating expense		**(306)**	**(324)**
Valuation (losses) from investment property	9	(80)	(531)
Other income (expense)	17	121	(18)
OPERATING PROFIT		**3,557**	**3,322**
Interest income	18	45	206
Interest expense	18	(429)	(422)
Exchange rate difference	19	(160)	74
Financial result		**(544)**	**(142)**
PROFIT BEFORE TAX		**3,013**	**3,180**
Income tax expense	20	(7)	(4)
PROFIT FOR THE PERIOD		**3,006**	**3,176**
Attributable to equity holders of the parent		3,006	3,176
Basic earnings per share (EUR)	21	0.30	0.31
Diluted earnings per share (EUR)	21	0.30	0.31

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
MARCH 31, 2023
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended	
		March 31, 2022	**March 31, 2023**
Profit for the period		**3,006**	**3,176**
Cash-flow hedge valuation reserve*		3,442	(501)
Translation difference**		(2)	25
Other comprehensive income		**3,440**	**(476)**
COMPREHENSIVE INCOME		**6,446**	**2,700**
Attributable to equity holders of the parent		6,446	2,700

* Will be reclassified to profit or loss in subsequent periods.
** Will not be reclassified to profit or loss in subsequent periods.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
MARCH 31, 2023
(all amounts in thousands of euros unless otherwise indicated)

	Share capital	Retained earnings	*Treasury shares	**Cash flow hedge reserve	***Revaluation reserve of properties	Accum. translation difference	Total equity
December 31, 2021	**250**	**140,390**	**(988)**	**(1,440)**	**681**	**(3,039)**	**135,854**
Profit for the period	-	3,006	-	-	-	-	**3,006**
Translation difference	-	-	-	-	-	(2)	**(2)**
Revaluation reserve	-	-	-	3,442	-	-	**3,442**
Treasury share transfer	-	(25)	25	-	-	-	**-**
March 31, 2022	**250**	**143,371**	**(963)**	**2,002**	**681**	**(3,041)**	**142,300**
December 31, 2022	**250**	**144,810**	**(972)**	**7,937**	**681**	**(3,087)**	**149,619**
Profit for the period	-	3,137	-	39	-	-	**3,176**
Translation difference	-	-	-	-	-	25	**25**
Revaluation reserve	-	39	-	(540)	-	-	**(501)**
March 31, 2023	**250**	**147,986**	**(972)**	**7,436**	**681**	**(3,062)**	**152,319**

* Treasury share details are disclosed in Note 22.
** Cash flow hedge transaction details are disclosed in Note 12 (Loans).
*** Revaluation surplus on leasing a part of owner-occupied property, i.e., transfers from owner-occupied property to investment property.

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF CASH FLOWS
MARCH 31, 2023
(all amounts in thousands of euros unless otherwise indicated)

	3 months ended	
	March 31, 2022	**March 31, 2023**
OPERATING ACTIVITIES		
Income before tax	3,013	3,180
Fair value change of investment properties	80	531
Depreciation and amortization	53	53
Interest expense	429	422
Interest income	(45)	(206)
Unrealized foreign exchange (gain) / loss	(2)	114
Changes in working capital:		
(Increase) / decrease in receivables and other current assets	(1,281)	360
Increase in liabilities	228	529
Corporate income tax paid	(1)	(9)
Net cash from operating activities	**2,474**	**4,974**
INVESTING ACTIVITES		
Purchase of investment property	(24)	(317)
Purchase of other tangible assets and intangibles	(1)	(9)
Interest received	46	209
Net cash from / (used in) investing activities	**21**	**(117)**
FINANCING ACTIVITIES		
Loan repayments	(1,469)	(1,480)
Interest paid	(427)	(400)
Net cash used in financing activities	**(1,896)**	**(1,880)**
Increase in cash and cash equivalents	599	2,977
Cash and cash equivalents at beginning of period	10,066	12,236
Exchange rate (loss) / gain on cash and cash equivalents	(6)	73
Cash and cash equivalents at end of period	**10,659**	**15,286**

(all amounts in thousands of euros unless otherwise indicated)

1. General information

1.1. Business activities

Graphisoft Park SE was established through a demerger from the software development company Graphisoft SE on August 21, 2006. The purpose of the restructuring was to spin off a new company, dedicated to real estate development and management. Graphisoft Park operates as a holding currently having five 100% owned subsidiaries.

The real estate development is performed by the owners of the properties, namely Graphisoft Park Kft., Graphisoft Park South I. Kft. and Graphisoft Park South II. Development Kft. Graphisoft Park Services Kft. is responsible for property operation tasks. Graphisoft Park Engineering & Management Kft. is responsible for the Group’s certain property management, engineering, and administration activities.

Graphisoft Park SE (court registration number: CG 01-20-000002) and subsidiaries are incorporated under the laws of Hungary. Registered address of the Company is H-1031 Budapest, Záhony utca 7., Hungary. Headcount was 25 on March 31, 2023.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 25 years, 82,000 m^2 gross leasable area (offices, laboratories, educational area and auxiliary facilities) have been developed and occupied by tenants. Belonging to them underground parking facilities for around 2,000 cars are available. The remaining area provides the opportunity to develop an additional 66,000 m^2 of gross leasable area together with underground parking and auxiliary facilities.

The real estate is categorized as follows:

Area	Property	
Gross leasable area	Office area	58,000 sqm
	Laboratory	7,000 sqm
	Educational area	8,000 sqm
	Storage	6,000 sqm
	Service area	3,000 sqm
	Underground parking	2,000 pcs
Development area	Northern development area (after rehabilitation)	42,000 sqm
	Southern development area	24,000 sqm

(all amounts in thousands of euros unless otherwise indicated)

1.3. Stock information

Graphisoft Park SE's share capital consists of 10,631,674 class "A" publicly traded, marketable, registered ordinary shares of 0.02 euro face value, each representing equal and identical rights, and 1,876,167 class "B" employee shares of 0.02 euro face value.
Ordinary shares of the Company are publicly traded at Budapest Stock Exchange, currently in Premium category, from August 28, 2006. The share ownership structure is the following according to the Company's shareholder records:

	December 31, 2022			March 31, 2023		
Shareholder	**Shares (pcs)**	**Share (%)**	**Voting right (%)**	**Shares (pcs)**	**Share (%)**	**Voting right (%)**
ORDINARY SHARES:	**10,631,674**	**100.00**	**87.92**	**10,631,674**	**100.00**	**87.92**
Directors and management	**1,789,082**	**16.83**	**15.60**	**1,789,082**	**16.83**	**15.60**
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	14.69	1,685,125	15.85	14.69
Dr. Kálmán János - Member of the BoD	13,500	0.13	0.12	13,500	0.13	0.12
Kocsány János - Member of the BoD, CEO	90,457	0.85	0.79	90,457	0.85	0.79
Shareholders over 5% share	**2,948,817**	**27.74**	**25.71**	**2,956,293**	**27.81**	**25.78**
HOLD Alapkezelő Zrt.	701,233	6.60	6.12	708,709	6.67	6.18
AEGON Magyarország Befektetési Alapkezelő Zrt.	747,584	7.03	6.52	747,584	7.03	6.52
B.N.B.A. Holding Zrt.	1,500,000	14.11	13.08	1,500,000	14.11	13.08
Other shareholders	**5,344,699**	**50.27**	**46.61**	**5,337,223**	**50.20**	**46.54**
Treasury shares*	**549,076**	**5.16**	**-**	**549,076**	**5.16**	**-**
EMPLOYEE SHARES:**	**1,876,167**	**-**	**12.08**	**1,876,167**	**-**	**12.08**
Kocsány János - Member of the BoD, CEO***	1,384,819	-	12.08	1,384,819	-	12.08
Employee treasury shares*	491,348	-	-	491,348	-	-
SHARES TOTAL:	**12,507,841**	**100.00**	**100.00**	**12,507,841**	**100.00**	**100.00**

* Treasury shares possessed by the Company do not pay dividend and bear no voting rights. For details refer to Note 22.

** Class „B" employee shares are not marketable, connected to employment, may be withdrawn by the Board of Directors at any time, have no voting rights in decisions that require qualified majority and bear reduced rights to dividend at the proportion of fifty percent of their face value. In the financial statements of the Company these payments are accounted as employee related expense instead of dividend. The Articles of Association and the Management Share Ownership Plan govern all other matters related to the employee shares.

(all amounts in thousands of euros unless otherwise indicated)

1.4. Governance

The governing body of Graphisoft Park SE, Board of Directors (single-tier system) is composed of the following:

Name	Position	From	Until
Bojár Gábor	Chairman	August 21, 2006	May 31, 2026
Dr. Kálmán János	Member	August 21, 2006	May 31, 2026
Kocsány János	Member	April 28, 2011	May 31, 2026
Dr. Martin-Hajdu György	Member	July 21, 2014	May 31, 2026
Szigeti András	Member	July 21, 2014	May 31, 2026
Hornung Péter	Member	April 20, 2017	May 31, 2026
Farkas Ildikó	Member	April 28, 2023	May 31, 2026

The Audit Committee comprises of 3 independent members of the Board: Dr. Kálmán János (chairman), Dr. Martin-Hajdu György and Hornung Péter. The Chief Executive Officer of Graphisoft Park SE is Kocsány János.

According to the resolution of the AGM held on April 28, 2023, Farkas Ildikó CFO was elected as member of the Board of Directors.

2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year (see Notes to the Consolidated Annual Financial Statements of 2022), with the following differences:

Seasonality of business

The Company’s business activities are not seasonal; revenues and expenses generally accrue at a constant rate during the financial year. Certain one-off transactions may affect the results from one quarter to the next.

Exchange rates used

Exchange rates used are as follows:

	3 months ended March 31, 2022	3 months ended March 31, 2023
EUR/HUF opening:	369.00	400.25
EUR/HUF closing:	369.62	380.99
EUR/HUF average:	364.27	388.60

(all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2022	March 31, 2023
Cash in hand	1	1
Cash at banks	12,235	15,285
Cash and bank	**12,236**	**15,286**

4. Trade receivables

	December 31, 2022	March 31, 2023
Trade receivables	1,267	1,415
Provision for doubtful debts	(15)	(15)
Trade receivables	**1,252**	**1,400**

Trade receivables are on 8-30 day average payment terms according to the contracts.

5. Current tax receivables and liabilities

	December 31, 2022	March 31, 2023
Current tax receivables	18	707
Current tax liabilities	(459)	(442)
Current tax (liabilities) / receivables, net	**(441)**	**265**

(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2022	March 31, 2023
Accrued income	251	157
Prepaid expense	1,546	556
Bank security accounts	2,313	2,333
Other receivables	131	-
Other current assets	**4,241**	**3,046**

7. (Owner-occupied) Property, Plant and Equipment

	(Owner-occupied) Property	Plant and Equipment	**(Owner-occupied) Property, Plant and Equipment**
Net value:			
December 31, 2021	1,023	418	**1,441**
Gross value:			
December 31, 2021	1,375	1,135	**2,510**
Addition	-	54	**54**
Sale	-	(56)	**(56)**
Scrapping	-	(3)	**(3)**
Translation difference	-	(63)	**(63)**
December 31, 2022	1,375	1,067	**2,442**
Depreciation:			
December 31, 2021	352	717	**1,069**
Addition	82	122	**204**
Sale	-	(47)	**(47)**
Scrapping	-	(3)	**(3)**
Translation difference	-	(37)	**(37)**
December 31, 2022	434	752	**1,186**
Net value:			
December 31, 2022	941	315	**1,256**

(all amounts in thousands of euros unless otherwise indicated)

Gross value:			
December 31, 2022	1,375	1,067	**2,442**
Addition	2	2	**4**
Sale	-	(1)	**(1)**
Translation difference	-	37	**37**
March 31, 2023	1,377	1,105	**2,482**
Depreciation:			
December 31, 2022	434	752	**1,186**
Addition	20	25	**45**
Sale	-	(1)	**(1)**
Translation difference	-	23	**23**
March 31, 2023	454	799	**1,253**
Net value:			
March 31, 2023	923	306	**1,229**

8. Intangible assets

	Software	**Intangible assets**		Software	**Intangible assets**
Net value:			***Net value:***		
December 31, 2021	91	**91**	**December 31, 2022**	65	**65**
Gross value:			***Gross value:***		
December 31, 2021	137	**137**	December 31, 2022	136	**136**
Addition	9	**9**	Addition	5	**5**
Translation difference	(10)	**(10)**	Translation difference	7	**7**
December 31, 2022	136	**136**	**March 31, 2023**	148	**148**
Depreciation:			***Depreciation:***		
December 31, 2021	46	**46**	December 31, 2022	71	**71**
Addition	30	**30**	Addition	8	**8**
Translation difference	(5)	**(5)**	Translation difference	2	**2**
December 31, 2022	71	**71**	**March 31, 2023**	81	**81**
Net value:			***Net value:***		
December 31, 2022	65	**65**	**March 31, 2023**	67	**67**

(all amounts in thousands of euros unless otherwise indicated)

9. Investment property

	Development Land	Completed investment property	**Investment property**
Book value:			
December 31, 2021	8,348	216,723	**225,071**
Addition	6	903	**909**
Change in fair value	-	(4,014)	**(4,014)**
December 31, 2022	8,354	213,612	**221,966**
Addition	-	340	**340**
Change in fair value	-	(531)	**(531)**
March 31, 2023	8,354	213,421	**221,775**

In 2023 Q1 additions in construction in progress of 340 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (18 thousand EUR),
- fit-out works in completed investment properties upon tenant's requests (32 thousand EUR) and
- other developments in progress (290 thousand EUR).

The independent valuation was prepared by ESTON International Zrt. with the Income approach applied for all periods presented. Properties with occupancy permits were valued based on the Discounted Cash Flow method, while properties under construction were valued based on the Residual Value method. Present value of cash flows from rental fees was calculated with a market-based discount factor reflecting the expected return from investors and creditors (cost of capital).

According to IAS 40 development lands are presented on cost.

(all amounts in thousands of euros unless otherwise indicated)

The key assumptions applied by the independent appraiser for the periods presented were the followings:

		December 31, 2022	March 31, 2023
Rental area	• office, laboratory, and related service areas	73,000 m^2	73,000 m^2
	• education area	6,000 m^2	6,000 m^2
	• Dormitory	3,000 m^2 / 85 persons	3,000 m^2 / 85 persons
Development lands	• rentable area which can be developed	66,000 m^2	66,000 m^2
Long term occupancy		80-95%	80-95%
Average discount factor		7.16%	7.47%

10. Trade payables

	December 31, 2022	March 31, 2023
Trade payables – domestic	419	264
Trade payables	**419**	**264**

11. Other short-term liabilities

	December 31, 2022	March 31, 2023
Amounts due to employees and related tax liabilities	77	62
Deposits from tenants	796	826
Fair value difference of loans*	548	544
Other payables and accruals	4,434	5,382
Other short-term liabilities	**5,855**	**6,814**

* Fair value difference of loans with preferential interest rate due within one year. Details are disclosed in Note 12 (Loans).

(all amounts in thousands of euros unless otherwise indicated)

12. Loans

12.1. Loan details

	December 31, 2022	March 31, 2023
Short-term	5,310	5,381
Long-term	83,533	82,460
Loans	**88,843**	**87,841**

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2022	March 31, 2023
Short-term	719	754
Long-term	7,634	7,743
Loan 1 / Erste Bank Hungary Zrt.	**8,353**	**8,497**

The Company executed a loan agreement with Erste Bank Hungary Zrt. on December 28, 2015, with 10 years maturity to finance the ongoing development in the core area. In accordance with the loan agreement and its modification on December 29, 2016, Erste Bank makes a 4 billion HUF (12.1 million EUR) credit facility available to Graphisoft Park within Pillar I of the second phase of the National Bank of Hungary's Funding for Growth Scheme and another 3 million EUR credit facility within Pillar II of the third phase of the Funding for Growth Scheme. Main collaterals provided for the bank are as follows: mortgage on real estate, revenue assignment and bank account pledge.

As of March 31, 2023, the outstanding capital of the forint-based facility amounts to 2.7 billion HUF (7,013 thousand EUR); and the euro-based facility amounts to 1,925 thousand EUR. The fair value of the loans (calculated using market interest rates) is 8,497 thousand EUR (see details under point 12.2 below).

In order to manage exchange rate risks associated with the forint-based loan, we have executed a cash flow hedge (CCIRS) transaction agreement on June 24, 2016, covering the entire loan amount and cash flows from the beginning of the loan repayment period until the expiration of the loan contract (from end of 2017 until end of 2025), by which we have converted the forint-based capital and interest payment obligations onto euro base. As of March 31, 2023, the fair value of the cash flow hedge transaction is presented among long-term financial liabilities in amount of 2,156 thousand EUR.

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Erste)

	December 31, 2022	March 31, 2023
Short-term	1,964	1,979
Long-term	29,558	29,052
Loan 2 / Erste Bank Hungary Zrt.	**31,522**	**31,031**

On November 30, 2017, based on the decision of the Board of Directors, the Company concluded a new euro-based, 10 years to maturity loan facility with Erste Bank Hungary Zrt., which is complemented by an interest rate swap agreement (IRS) for its entire term from the second half of 2018, thus the interest rate is fixed for the entire term. On March 31, 2023, the fair value of the IRS is 2,645 thousand EUR, which is presented among the long-term financial assets.

The original facility is worth 40 million EUR. Main collaterals provided for the bank are: mortgage on real estate, revenue assignment and bank account pledge.

Loans provided by UniCredit Bank Hungary Zrt.:

Loan number 1. (Unicredit)

	December 31, 2022	March 31, 2023
Short-term	1,223	1,230
Long-term	15,046	14,736
Loan 1. / UniCredit Bank Hungary Zrt.	**16,269**	**15,966**

The Company executed a 24 million EUR loan facility agreement with UniCredit Bank Hungary Zrt. on November 18, 2016, with 10 years maturity to finance the ongoing development in the southern area. Main collaterals provided for the bank are mortgage on real estate, revenue assignment and bank account pledge.

As of March 31, 2023, the outstanding capital amounts to 17,200 thousand EUR, whose fair value was 15,966 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

(all amounts in thousands of euros unless otherwise indicated)

Loan number 2. (Unicredit)

	December 31, 2022	March 31, 2023
Short-term	1,404	1,418
Long-term	31,295	30,929
Loan 2./ UniCredit Bank Hungary Zrt.	**32,699**	**32,347**

On November 19, 2019, the Company concluded a euro-based, 10 years to maturity loan facility agreement of 40 million EUR value with UniCredit Bank to optimize the Company's capital structure, which has been already drawn on December 30, 2019. To fix the interest rate, the loan facility is complemented by an interest rate swap agreement (IRS) for its entire term. On March 31, 2023, the fair value of the IRS is 4,811 thousand EUR, which is presented among the long-term financial assets.

Main collaterals provided for the bank are mortgage on real estate, revenue assignment and bank account pledge.

12.2. Analyses

Fair value of the loans:

	December 31, 2022	March 31, 2023
Erste Bank Hungary Zrt. Loan nr. 1.*	8,353	8,497
Erste Bank Hungary Zrt. Loan nr. 2.	31,522	31,031
UniCredit Bank Hungary Zrt. Loan nr. 1.*	16,269	15,966
UniCredit Bank Hungary Zrt. Loan nr. 2.	32,699	32,347
Loans at fair value*	**88,843**	**87,841**

* Calculated at a 2.5% market-based interest rate for the loans with preferential interest rate.

(all amounts in thousands of euros unless otherwise indicated)

Loans with preferential interest rate:

As part of its monetary policy instruments, National Bank of Hungary (MNB) launched its Funding for Growth Scheme (NHP) in 2013, Under NHP, the central bank provides refinancing loans at a preferential fixed interest rate of 0% with a maximum maturity of 10 years to credit institutions which the credit institutions lend further to small and medium sized enterprises with a capped interest margin. The following table shows loan liability for the loans borrowed by the Group within NHP broken down by amortized initial fair value (market rate loan liability) and amortized initial fair value difference (interest rate grant) elements as of March 31, 2023:

	Outstanding loan liability	**Fair value difference	*Fair value
Erste Bank Hungary Zrt.	8,937	440	8,497
UniCredit Bank Hungary Zrt.	17,200	1,234	15,966
Loans (NHP)	**26,137**	**1,674**	**24,463**

* Calculated at a 2.5% market-based fixed interest rate effective at the time of concluding the loan contract.

** Fair value difference of loans with preferential interest rate (government grant received through the Funding for Growth Scheme compensating expenses) are shown under other short-term liabilities (Note 11) and other long-term liabilities (Note 14) and amortized through profit and loss based on the effective interest rate method.

13. Fair value of hedges

	December 31, 2022	**March 31, 2023**
ERSTE Bank Hungary Zrt. loan nr. 1.	(2,699)	(2,156)
ERSTE Bank Hungary Zrt. loan nr. 2.	2,888	2,645
UniCredit Bank Hungary Zrt. loan nr. 2.	5,230	4,811
Fair value of hedges	**5,419**	**5,300**
Of which long term financial asset	8,118	7,456
Of which long term financial liability	(2,699)	(2,156)

The period end fair valuation of IRSs has been prepared by the financing banks.

(all amounts in thousands of euros unless otherwise indicated)

14. Other long-term liabilities

	December 31, 2022	March 31, 2023
Fair value difference of loans*	1,251	1,130
Warranty retention	7	-
Other long-term liabilities	**1,258**	**1,130**

* Fair value differences of loans with preferential interest rate due over one year. Details are disclosed in Note 12 (Loans).

(all amounts in thousands of euros unless otherwise indicated)

15. Revenue

	3 months ended	
	March 31, 2022	**March 31, 2023**
Property rental revenue	3,822	4,195
Revenue	**3,822**	**4,195**

Property rental revenue consists solely of rental fees coming from the lease of real estate of Graphisoft Park.

16. Operating expense

	3 months ended	
	March 31, 2022	**March 31, 2023**
Property related expense	24	32
Employee related expense	143	138
Other operating expense	86	101
Depreciation and amortization	53	53
Operating expense	**306**	**324**

Other operating expense consists of the following items:

	3 months ended	
	March 31, 2022	**March 31, 2023**
Office and telecommunication	1	1
Legal and administration	34	50
Other	51	50
Other operating expense	**86**	**101**

(all amounts in thousands of euros unless otherwise indicated)

17. Other income (expense)

	3 months ended	
	Dec 31, 2022	**Dec 31, 2023**
Income from recharged construction expenses	165	51
Recharged construction expenses	(150)	(43)
Income from recharged operation expenses	1,560	2,027
Recharged operation expenses	(1,441)	(2,046)
Others	(13)	(7)
Other income (expense)	**121**	**(18)**

18. Interest income and interest expense

	3 months ended	
	March 31, 2022	**March 31, 2023**
Interest income	45	206
Interest expense on loans	(425)	(404)
Other interest expense	(4)	(18)
Net interest expense	**(384)**	**(216)**

19. Other financial result

	3 months ended	
	March 31, 2022	**March 31, 2023**
Exchange rate (loss) / gain realized	(167)	74
Exchange rate gain / (loss) not realized	7	(39)
Ineffective part of hedge*	-	39
Other financial result	**(160)**	**74**

*Ineffective part of IRS deal relating to loan nr. 2. provided by Erste Bank Hungary Zrt.

(all amounts in thousands of euros unless otherwise indicated)

20. Income taxes

	3 months ended	
	Dec 31, 2022	**Dec 31, 2023**
Current income tax	(7)	(4)
Income tax expense	**(7)**	**(4)**

Based on the business activity, Graphisoft Park Engineering & Management Kft does not operate under the "SzIT" regulation and therefore is subject to corporate income tax, local business tax and deferred income tax, if applicable. Applicable tax rates are as follow: corporate income tax at 9% and local business at tax 2% both in 2022 and 2023.

21. Earnings per share

Basic and diluted earnings per share amounts are calculated as follows:

	3 months ended	
	March 31, 2022	**March 31, 2023**
Net profit attributable to equity holders	3,006	3,176
Weighted average number of ordinary shares	10,082,598	10,082,598
Basic earnings per share (EUR)	**0.30**	**0.31**
Weighted average number of ordinary shares	10,082,598	10,082,598
Diluted earnings per share (EUR)	**0.30**	**0.31**

Treasury shares possessed by the Company and employee shares are excluded when the earnings per share value is determined as described in Note 1.3 to the financial statements.

Share ownership details are disclosed in Note 1.3.

(all amounts in thousands of euros unless otherwise indicated)

22. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2022	March 31, 2023
Number of ordinary shares	549,076	549,076
Number of employee shares	491,348	491,348
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	20,808	20,808
Total value of treasury shares (at historical cost)	972	972

23. Net asset value

Book value and fair value of assets and liabilities as of March 31, 2023:

	Note	Book value March 31, 2023	Fair value March 31, 2023	*Difference*
Investment property and other tangible assets*	7,9	223,004	230,764	*7,760*
Intangible assets	8	67	67	-
Current tax assets, net	5	265	265	-
Non-financial instruments		**223,336**	**231,096**	***7,760***
Cash and cash equivalents	3	15,286	15,286	-
Trade receivables	4	1,400	1,400	-
Other current assets	6	3,046	3,046	-
Other long term financial assets	13	7,456	7,456	-
Trade payables	10	(264)	(264)	-
Other short-term liabilities	11	(6,814)	(6,814)	-
Loans	12	(87,841)	(87,841)	-
Other long term financial liabilities	13	(2,156)	(2,156)	
Other long-term liabilities	14	(1,130)	(1,130)	-
Financial instruments		**(71,017)**	**(71,017)**	**-**
Net asset value		**152,319**	**160,079**	***7,760***

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 230,458 thousand euros as of March 31, 2023.

(all amounts in thousands of euros unless otherwise indicated)

Book value and fair value of assets and liabilities as of December 31, 2022:

	Note	Book value Dec 31, 2022	Fair value Dec 31, 2022	*Difference*
Investment property and other tangible assets*	7,9	223,222	231,180	*7,958*
Intangible assets	8	65	65	-
Current tax liabilities, net	5	(441)	(441)	-
Non-financial instruments		**222,846**	**230,804**	***7,958***
Cash and cash equivalents	3	12,236	12,236	-
Trade receivables	4	1,252	1,252	-
Other current assets	6	4,241	4,241	-
Other long term financial assets	13	8,118	8,118	-
Trade payables	10	(419)	(419)	-
Other short-term liabilities	11	(5,855)	(5,855)	-
Loans	12	(88,843)	(88,843)	-
Other long term financial liabilities	13	(2,699)	(2,699)	
Other long-term liabilities	14	(1,258)	(1,258)	-
Financial instruments		**(73,227)**	**(73,227)**	**-**
Net asset value		**149,619**	**157,577**	***7,958***

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 230,865 thousand euros as of December 31, 2022.

24. Remediation of the northern development area

Due to the prior gas production activity the northern development area is still contaminated. The rehabilitation of this area is the duty of the polluter Capital City Gas Works (currently MVM Next Energiakereskedelmi Zrt.). After the final administrative judgment made on December 12, 2019, the Pest County Government Office conducted new proceedings. In the resolution received on April 30, 2020, the Pest County Government Office notified us about the repeated prolongation of the completion deadline of the rehabilitation in the northern development area, and stated new deadlines of May 31, 2021, and September 30, 2022.

Government Decree nr. 286/2021 (V. 27.) on the establishment of rules related to certain administrative authority procedures was published on May 27, 2021. Pursuant to Section 1 of the Government Decree in force between May 28, 2021, and June 24, 2021, the polluter became entitled to request an extension of the deadline for remediation from the environmental authority, which was obliged to grant the extension. MVM Next Energiakereskedelmi Zrt. submitted the relevant request, which was approved by the authority and the decree ruled out the possibility of an appeal, so the current deadline for carrying out remediation and submitting the final documentation is December 31, 2022.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the current deadline, to which we received the following information in response. MVM Next Energiakereskedelmi Zrt. still has the necessary permits to call for the construction tender and start construction, and has prepared the necessary documentation for the tender, however, despite its best intentions, it cannot make any responsible statement about the expected completion date of the remediation.

On December 23, 2022, Government Decree of 566/2022 (XII. 23) was published, which deals with the establishment of rules related to certain administrative authority procedures. On the basis of this decree, the legal entity obliged to remediate became entitled to request an extension of the remediation deadline from the environmental protection authority. If the application was submitted, the authority was obliged to grant the deadline extension. MVM Next Energiakereskedelmi Zrt., which is obliged to remediate the damage, submitted its request for this on December 27, 2022, which request was granted by the authority on December 28, 2022. The decree ruled out the possibility of an appeal, so the currently valid new deadline for carrying out the remediation and submitting the final documentation is December 31, 2024, and the deadline for the remediation of certain sub-areas and for sub-surface water is April 30, 2026.

The actual remediation works have not started till the date of this Report, and we are not aware of the preparation of the works either. Based on all of this, Graphisoft Park considers the date of the actual start and end of the remediation to be uncertain, and therefore does not see it possible to start developments in the northern development area within the foreseeable future.

25. Events after the balance sheet date

As announced of April 6, 2023, the Company repurchased 461,606 employee shares from Kocsány János CEO, and transferred 90,000 employee shares to Farkas Ildikó CFO and transferred 120,000 employee shares to Pálfalvi Zsuzsa Operational Director.

According to the resolution of the AGM held on April 28, 2023, Farkas Ildikó CFO was elected as member of the Board of Directors.

26. Approval of financial statements, dividend

On April 28, 2023, the Annual General Meeting of Graphisoft Park SE approved the 2022 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 249,152 thousand EUR and a profit for the year of 8,786 thousand EUR. Together with the approval of the consolidated financial statements for issue, the AGM approved dividend distribution of 201 HUF per ordinary share, 2,026,602 thousand HUF in total (5,434 thousand EUR on the MNB exchange rate of April 28, 2023), and in total 113,888 thousand HUF on employee shares (305 thousand EUR on the MNB exchange rate of April 28, 2023). The starting date for dividend payments will be May 12, 2023. The Company will pay out the dividends to the shareholders identified by shareholder's registration as of May 5, 2023.

27. Declaration

Statement of responsibility *- We declare that the Quarterly Report which has been prepared in accordance with International Financial Reporting Standards and to the best of our knowledge, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Graphisoft Park SE and its subsidiaries included in the consolidation, and the Business Report gives a fair view of the position, development and performance of Graphisoft Park SE and its subsidiaries included in the consolidation, together with a description of the principal risks and uncertainties of its business.*