

GRAPHISOFT PARK SE

Interim Management Report – First Quarter 2024

May 14, 2024



GRAPHISOFT PARK





Executive Summary

The **2024 Q1 pro forma net result is 2.13 million euros**, which is in line with our expectations and slightly, by 4% exceeds the same period of the previous year. The uncertain economic environment causes a noticeable decrease in demand on the office market; in the case of tenants, the integration of the home office option and the flexible shaping of the function of the existing office areas came to the fore. Looking at the Budapest average, the vacancy rate approached 14% by the end of the first quarter of 2024, and according to expert expectations, it is anticipated to increase further by the end of 2024. Among the tenants of the Graphisoft Park, we see that research and development work with a high degree of creativity and intensive collaboration cannot be without personal presence at least partially, but the flexible use of communal spaces, meeting rooms and hybrid working overall reduces the size of the required rental properties. The effect of this is also reflected in the **utilization** of Graphisoft Park: during the year 2023, it **decreased** from an exceptionally high 97-98% to **95%** by the end of the year which, however, is still significantly more favorable than the average vacancy in Budapest. Stability is also contributed by the fact that the tenants of Graphisoft Park commit to a longer period compared to the national average, due to the park's unique natural environment, the technological and IT focus, and the possibility of flexible office design. The **average lease term** in the Park calculated with the starting date of current tenants' earliest lease agreements is **15.2 years**.

At the same time, in view of the trends in the office market, as well as the discussions held with certain tenants of Graphisoft Park and with the municipalities in recent years, the Company has concluded that it is reasonable to **examine the possibility of developing residential and service units in the southern development area**. In an area further away from the central part of the office park, separated from it by a public road, it may be more expedient from a urban design, urban planning and business point of view to create a residential and service function that complements the office park and the adjacent old gas factory villa district; among other things, this would offer housing options for the office park's employees. As the Company announced on May 13, 2024, Graphisoft Park concluded a cooperation agreement with Synergy Construction Hungary Kft. regarding the examination of opportunities. After the conclusion of this examination, expectedly at the end of this year or at the beginning of next year, the partner company will have the opportunity to purchase the area and the project company that owns it under the conditions specified in the Cooperation Agreement.

Dividend payment

In addition to all this, as the Company published on April 29, 2024, based on the resolution of the General Meeting, in May 2024, dividend will be paid corresponding to 90% of the previous year's pro forma result, approximately 7.1 million euros, i.e. **70 euro cents per ordinary share**. The Company will **pay the dividend to the shareholders in euros**, the starting date will be May 21, 2024. Once again, the Company draws the attention of the Shareholders to ask their securities account manager about the process of receiving and crediting dividends received in euros, which may differ for each service provider.

Pro forma results

Our 2024 Q1 "pro forma" results developed favorably: in addition to the slightly reduced utilization, because of the due euro-based indexation, **rental revenue** exceeded the same period of the previous year by 116 thousand euros, **nearly 3%**. Most of the other income reflects the results of the construction and renovations of rental properties requested and financed by the tenants. These were reduced in the previous year by the one-off contributions undertaken by the Company related to the decarbonization strategy of the operation. The **17% increase in operating costs** in the first quarter shows the effect of



inflationary fee increases. In accordance with our previous forecast, **depreciation decreased slightly** compared to the same period of the previous year due to the depletion of some older assets. At the same time, the **financial result is less favorable**: although the interest payable on the capital outstanding decreased due to the loan repayments, the interest income realized on free funds fell short in the changed interest environment, compared to the outstanding result of the previous year. Furthermore, due to the weakening forint at the end of the quarter, exchange rate losses occurred on our forint-denominated assets. As a combined effect of all this, in the first quarter of 2024, **EBITDA exceeded the same period of the previous year by 209 thousand euros, 5%, and the profit after tax by 82 thousand euros, 4%.**

(million euros)	2023 Q1 actual	2024 Q1 actual
Rental revenue	4.20	4.31
Other income (net)	(0.02)	0.12
Operating expense	(0.27)	(0.32)
EBITDA	3.91	4.11
Depreciation	(1.71)	(1.61)
Operating profit	2.20	2.50
Net financial result	(0.14)	(0.36)
Profit before tax	2.06	2.14
Income tax expense	(0.01)	(0.01)
Net profit	2.05	2.13

Forecast

We continue to maintain our previous cautious 2024 forecast, despite the results of the first quarter, which are more favorable than in the same period of the previous year and proportionally exceed the annual forecast; we are doing this in view of the utilization and thus the expected development of rental revenue, and in addition, one-off, larger costs are expected to arise in the rest of the year.

In 2024, due to changes in some lease contracts, we expect a decrease in leased areas, but at the same time, we expect occupancy to remain stable above 90% throughout the year. The downward indexation of rents compensates only a part of the lost income, so overall, by 2024, we expect **rental revenue of 16.6 million euros, 1.5% less than this year**. Requests for changes to the leased areas are mostly renegotiated when the contracts expire, but in the case of some tenants, an agreement was reached in 2023, even before the expiration date, which affects the 2024 financial year as well. A significant part of the area reductions before the contract expires is compensated by the tenants, which is accounted as one-time income among other income both in 2023 and in 2024. We expect a significant **18% increase in operating costs**, due to further increases in service fees, increases in personal payments and new cost elements arising in connection with the goals defined in the ESG strategy. **Depreciation** is expected to **decrease by 300 thousand euros** in 2024 due to the depletion of certain assets. At the same time, the **financial result is expected to be less favorable** than in the previous year: although the interest payable on the decreasing loans outstanding will decrease, due to the changes in the forint interest rate environment, we can no longer count on interest income of the same level as in 2023, and the volatility of the forint may also cause exchange rate losses. Overall, we expect a **pro forma after-tax result of 7.1 million euros for 2024**, which is about 10% lower than the outstanding results of 2023 due to one-off factors but exceeds the net result of 2022 by almost 18%.



(million euros)	2022 actual	2023 actual	2024 forecast
Rental revenue	15.54	16.85	16.6
Other income (net)	0.64	0.57	0.6
Operating expense	(1.42)	(1.61)	(1.9)
EBITDA	14.76	15.81	15.3
Depreciation	(7.01)	(6.94)	(6.6)
Operating profit	7.75	8.87	8.7
Net financial result	(1.71)	(0.99)	(1.6)
Profit before tax	6.04	7.88	7.1
Income tax expense	(0.02)	(0.02)	(0.0)
Net profit	6.02	7.86	7.1

Property portfolio and fair value of net assets

At the end of 2024 Q1, the independent valuer estimated the **fair value of the real estate portfolio at 227 million euros**, which represents **1.5 million euro increase** compared to the end of 2023. In more detail, the **fair value of the completed and delivered properties increased by 1.3 million euros**. Although the yield expectation continued to rise due to the general market uncertainty, the effect of this was not reflected in the fair value of properties. The tenant base in the office park is stable and the utilization of the buildings is above average, despite the small vacancy that occurred at the end of the previous year. The **fair value¹ change of the development lands is minimal** (200 thousand euro increase): in the last quarter, there was no significant change in the circumstances that substantially determine the value of the lands. The implementation of the remediation affecting the northern development area is delayed and remains uncertain, and the expected cost of future developments and the expected demand for offices did not change significantly.

Due to the interest levels experienced in the eurozone, the **fair value² of the interest rate swap hedging transactions** concluded by the Company to fix the interest rates of its euro-based loans **is still favorable**, which increase is reflected in equity (net asset value). In the meantime, the Company's outstanding **loan portfolio** went down to **84 million euros** due to continuous repayments. The Company's **cash balance at the end of the first quarter of 2024 is 15 million euros**, which ensures the long-term safe operation of the company in addition to the dividend payment due in the second quarter, as well as the financing of individual tenant designs, building upgrades and renovations, and forms a reserve for the possible negative effects of the changing economic environment.

Overall, due to the increase in the fair value of the real estate portfolio and, in addition to the decreasing outstanding loans, the increasing cash reserve, the **net asset fair value** of the Company **exceeded the previous year end's value by 5.4 million euros and reached 164 million euros**.

¹ The fair value of all development lands was determined as the present value of potential future office development and does not take into account the expected impact of any potential residential development.

² 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.



[thousands of EUR]

	Dec 31, 2022	Dec 31, 2023	March 31, 2024
Completed, delivered properties	215,105	211,762	213,078
Development lands	15,760	13,710	13,940
Estimated fair value of the entire property portfolio	230,865	225,472	227,018
Net asset value at estimated fair value	157,577	158,228	163,606
Net asset value at fair value per share (EUR)	15.63	15.69	16.23

Decarbonization strategy

In addition to the transformation of the function of the office spaces, an important aspect and goal is the continuous reduction of the carbon footprint of the buildings, as well as the development and implementation of the Park's decarbonization strategy together with the tenants. The Company's relevant considerations, the main elements and aspects of its strategy and the results already achieved were published **in the first ESG report** issued in 2023. In January 2024, this report won the **Green Frog award** founded by Deloitte. This award recognizes companies for which sustainability is part of the business strategy, organizational culture and company operations, and their report comprehensively illustrates this, both in the presentation of the achieved results and in the formulation of objectives and strategies. In the second quarter of 2024, the Company will publish its next ESG report, in which it will report on the results achieved in 2023, the follow-up of the objectives formulated as part of the strategy, and the consideration of some new aspects.

Developments aimed at carbon reduction are the defining elements of our strategy. As part of this, **solar panel systems and heat pumps were installed** in some buildings in 2023, in accordance with the needs and decarbonization goals of the respective tenants. In addition, it is equally important to implement efficient building operations and **encourage conscious energy consumption**. After 2022, also in 2023, in cooperation with the tenants, we managed to achieve **significant savings in both gas and electricity consumption**, which cooperation and intensive relationship we aim to maintain in the future. In addition to improving energy efficiency, our goal is to prioritize the aspects of **conscious material use** (e.g. lifecycle, quality, recyclability), minimize waste generated during office design and operation, and maintain and develop the green park, environment and **biodiversity** that gives the Park its unique character.

* * *

Even now, we believe that the unique **office park** provided by Graphisoft Park, located **in a truly green environment**, will continue to be in demand by companies employing technology- and knowledge-based, highly qualified employees, and we can expect an occupancy rate of over 90%, which exceeds the Budapest office market. The Company's strategy articulated 28 years ago also works in the light of the "home office" practice that has become common in recent years. Although the way and extent of office use and the distribution of the various functions of the rented areas are undergoing significant changes, research and development activities that require a high degree of creativity and intensive cooperation cannot exist without at least partial personal presence. The target market defined by the Company at the beginning, which are **domestic and international enterprises dealing with technological development**, proved to be a good choice even during uncertain economic prospects, since the key to success in this field is **attracting talent**. 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 Works 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, 2023	March 31, 2024
	3 months ended	
Rental revenue	4,195	4,311
Operating expense	(271)	(318)
Other income (net)	(18)	122
EBITDA	3,906	4,115
Depreciation and amortization	(1.706)	(1,613)
Operating profit	2,200	2,502
Net interest expense	(216)	(283)
Other financial result	74	(78)
Profit before tax	2,058	2,141
Income tax expense	(4)	(5)
Pro forma profit after tax (1)	2,054	2,136
Pro forma profit after tax per share (EUR) (2)	0.20	0.21
Valuation difference of investment properties	(531)	1,047
Unrecognized depreciation	1,653	1,555
Profit after tax according to financial statements	3,176	4,738
Profit after tax per share according to financial statements (EUR) (2)	0.31	0.47

(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, 2023	March 31, 2024
Fair value of properties	211,762	213,078
- from this book value (1)	210,186	211,445
Fair value of development lands	13,710	13,940
- from this book value (1)	8,354	8,362
Entire property portfolio at estimated fair value	225,472	227,018
Net asset value at estimated fair value (2)	158,228	163,606
Net asset value at cost (1)	152,157	157,237
Number of ordinary shares outstanding (thousands)	10,083	10,083
Net asset value at fair value per share (euro) (2) (3)	15.69	16.23
Net asset value at book value per share (euro) (1) (3)	15.09	15.59

(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:

- 2024 Q1 results (“pro forma” results and results according to the financial statements),
- Utilization, occupancy,
- Modernization plans,
- Financing,
- Forecast for 2024,
- Real estate portfolio and development potential,
- Further growth opportunities

“Pro forma” results of 2024 Q1

“Pro forma” results of 2024 Q1 changed compared to the same period of 2023 because of the following main factors:

- **Rental revenue** (2024: 4,311 thousand euros; 2023: 4,195 thousand euros) grew by 116 thousand euros, or 3% compared to the same period of last year. In addition to a slightly lower occupancy rate, the increase was due to the euro-based indexation of rental contracts.
- **Operating expense** (2024: 318 thousand euros; 2023: 271 thousand euros) increased by 17% compared to the same period of last year, which was primarily caused by an inflation-following increase in certain property-related costs and personal expenses.
- **Other income (expense)** (2024: 122 thousand euros income; 2023: 18 thousand euros expense) is largely the result of periodical developments and refurbishments of the rental property based on the request and expense of the tenants. However, in 2023, 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** (2024: 1,613 thousand euros; 2023: 1,706 thousand euros) is around 5% lower than in the previous period, mainly due to the depletion of some older assets.
- **EBITDA** (2024: 4,115 thousand euros; 2023: 3,906 thousand euros) grew by 209 thousand euros, which is 5%, while **operating profit** (2024: 2,502 thousand euros; 2023: 2,200 thousand euros) increased by 302 thousand euros, or 14% compared to the previous year.
- **Net interest expense** (2024: 283 thousand euros; 2023: 216 thousand euros) increased by 67 thousand euros or 31% compared to prior year. The interest paid was less because of the declining principal amounts due to loan repayments, but at the same time, in the changed interest environment, the interest income realized on free funds decreased significantly compared to the outstanding result of the previous year.
- **Other financial result** (2024: 78 thousand euros loss; 2023: 74 thousand euros gain) is primarily influenced by the exchange rate differences of our forint-denominated assets.
- The balance of **income tax expense** (2024: 5 thousand euros; 2023: 4 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** (2024: 2,136 thousand euros; 2023: 2,054 thousand euros) is 82 thousand euros, or 4% higher compared to the same period of last year.



2024 Q1 results according to the financial statements

In 2024 Q1 results according to the financial statements are 2,602 thousand euros higher than the “pro forma” results due to the following two factors: unrecognized depreciation expense of investment properties increased the results by 1,555 thousand euros, while fair value gains further increased the results by 1,047 thousand euros. The economic outlook and the shrinking demand for office space affect the entire office market, but at the same time, the independent valuer slightly increased the fair value of the properties based on Graphisoft Park’s higher-than-average occupancy rate and stable tenant base.

In 2023 Q1, results according to the financial statements were 1,122 thousand euros higher than the “pro forma” results: 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.

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:	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1
Occupancy of gross leasable area (%):	97%	97%	97%	95%	95%
Gross leasable area (m ²):	82,000	82,000	82,000	82,000	82,000

After a small, temporary decrease in 2020 as a result of the COVID crisis, the utilization of Graphisoft Park began to increase in the following year, standing at a stable 97-98% in 2022-2023, even despite high, volatile energy prices and a recessionary environment, that defined the period. At the same time, in the last quarter of 2023, during the renewal of the contracts of several larger tenants, requests to reduce the area arose, thereby reducing the occupancy to 95% by the end of the year. Although in the current economic environment we expect a decrease in occupancy even in the remainder of 2024 (see below under the Section “**Forecast for 2024**”), this occupancy level still exceeds the Budapest office market average, proving the significant and long-lasting demand for an office park dominated by a 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 stay 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 **15.2 years**, and in case of existing lease contracts the **weighted average lease term to expiry** is **2.4 years**.



Modernization plans

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 and optimize energy consumption, which we will implement in constant consultation and cooperation with our tenants. In 2023, in 2 larger buildings (affecting about 16,000 m² of leasable area), significant energy efficiency improvements were made (installation of heat pumps and smaller solar panels, replacement of office and connecting corridor glass with thermal insulation). In 2024, we are planning and have started similar renovations on additional buildings, improving the energy efficiency of our buildings and reducing the carbon footprint of the entire park's operation.

In the past period - partly due to the emerging energy crisis - we put a lot of emphasis on monitoring energy consumption, and in cooperation with the tenants, by consciously reducing consumption, **we achieved savings of nearly 20% in 2022, and another 10% in 2023**. In accordance with our ESG strategy published in 2023, when planning the modernization of buildings, projects that support the achievement of decarbonization goals are given priority, keeping in mind the improvement of energy efficiency, the conscious use of materials (lifecycle, quality, recyclability), as well as the minimization of waste generated during reconstruction.

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 another 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 is 84 million euro, which is currently 37% 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 strengthens the Park's stable operation. As of March 31, 2024, the average interest rate of the outstanding loans is 1.88% because of the concluded interest rate swaps. The positive fair value of interest rate swaps (3.7 million euro) 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 (thousand euros)	Due date	Outstanding loan amount on March 31, 2024 (thousand euros)
Erste Bank Hungary Zrt	15,600	27.12.2025	7,772
UniCredit Bank Hungary Zrt	24,000	23.12.2026	15,600
Erste Bank Hungary Zrt	40,000	31.12.2027	29,131
UniCredit Bank Hungary Zrt	40,000	15.12.2029	31,043
Sum	119,600		83,546

Forecast for 2024

In this report, we do not change the previously published forecast. Overall, in addition to the slightly decreasing utilization rate, we expect a lower indexation of rents, an inflationary increase in operating costs, and lower interest income due to the changing interest rate environment..

(million euros)	2022 actual	2023 actual	2024 forecast
Rental revenue	15.54	16.85	16.6
Other income (net)	0.64	0.57	0.6
Operating expense	(1.42)	(1.61)	(1.9)
EBITDA	14.76	15.81	15.3
Depreciation	(7.01)	(6.94)	(6.6)
Operating profit	7.75	8.87	8.7
Net financial result	(1.71)	(0.99)	(1.6)
Profit before tax	6.04	7.88	7.1
Income tax expense	(0.02)	(0.02)	(0.0)
Net profit	6.02	7.86	7.1

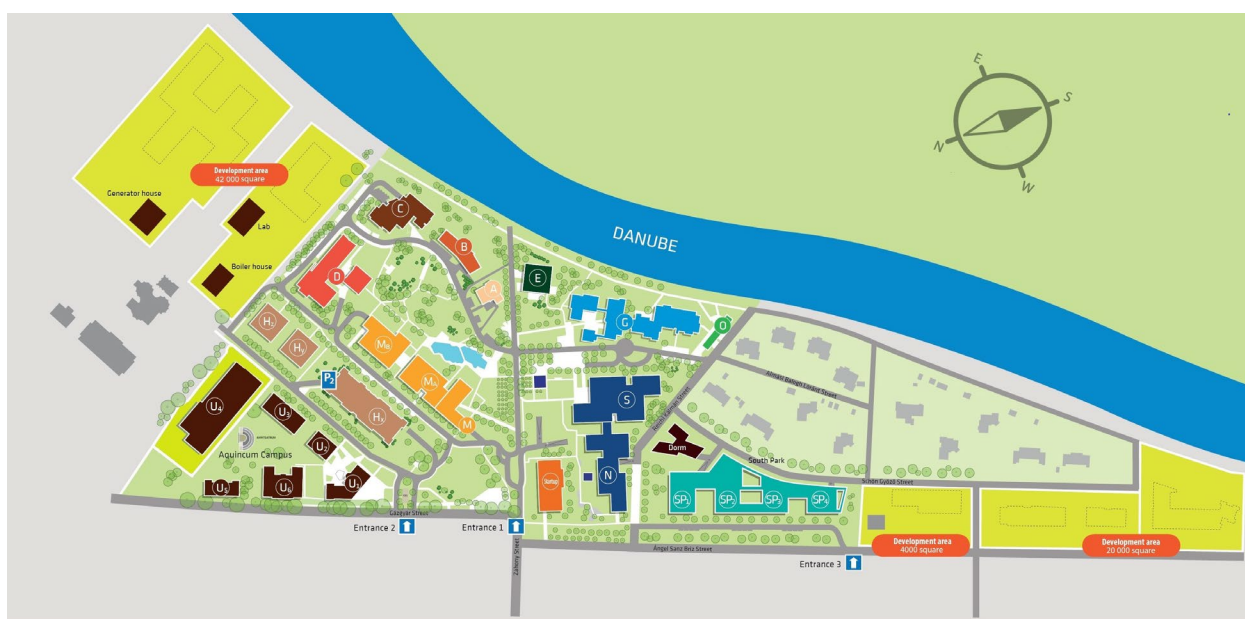
- In our more moderate rental revenue expectation, we took into account changing office usage habits, on the other hand, due to the deteriorating economic environment, some tenants only extend their contracts to a smaller area during contract renewals, and some tenants requested to reduce their rental area even before the contract expired. However, most of the rent for the year 2024 will be paid as compensation (or it was already partly paid in 2023), which will be accounted as other income. Furthermore, we also consider the fact that the rate of rent indexation is reduced. Based on these, **in 2024 we expect rental revenue of 16.6 million euros**, which may be 240 thousand euros, i.e. 1.5% lower than the previous year.
- **Other income** traditionally includes income received for renovations requested by tenants. **In 2024** (as in 2023), the compensation to be paid for the reduction of certain rental areas before their expiration will increase other income, which may thus reach **600 thousand euros**, like previous years.
- In the case of **operating costs**, we expect a **total increase of around 18% in 2024** with a further increase in service fees, an increase in personal payments, and the new cost elements necessary to achieve the goals defined in the ESG strategy.



- As a combined effect of the above, according to our current calculations, **in 2024 the EBITDA** is expected to be **15.3 million euros**, about 500 thousand euros less than the previous year.
- In **2024**, the **depreciation** (which does not appear in the consolidated accounts according to the SZIT rules) due to the depletion of some older assets is expected to **decrease by around 300 thousand euros**.
- As part of the **net financial result**, due to the continuous loan repayments, the interest payable on the capital outstanding will decrease. At the same time, because of the changes in the interest rate environment in 2024, we no longer expect the same level of interest income as in 2023, and the volatility of the forint may also cause exchange rate losses. Overall, net financial costs of **1.6 million euros** are expected for **2024**, which is about 600 thousand euros more than the previous year.
- As a result of all this, the expected **pro forma net result in 2024 may reach 7.1 million euros**. Our forecasted result is almost 800 thousand euros, or almost 10% less than the outstanding result of the previous year, thanks to some one-off extraordinary revenues, but at the same time it exceeds the pro forma result of 2022 by 18%.

Further development opportunities

By the completion of the developments in the core and the southern area from September 2018, Graphisoft Park has **82,000 m² 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 m² potential development. The preparatory works were finished in 2020 to deliver new buildings on this area even within 18 months if demand would arise. At the same time, the Company is also examining the possibility of developing residential and service functions in this area, which would be more appropriate from urban design, urban planning, and business point of view in this area, instead of further office building development, as it is located far from the central area and is also separated by a public road. Currently, the residential property development opportunity is being assessed, which is expected to be finalized at the end of this year, beginning of next year.

The property purchased in 2021 with an area of cca. 1,200 m², which is located between the already built-in South Park I and South Park II development areas, allows the development of an additional 4,000 m² of leasable office



space, combined with the neighboring plots already owned by the Company. 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 m² gross leasable area. Altogether this gives **office development potential of around additional 46,000 m² gross leasable area, and as such, the gross leasable area might increase to 128,000 m² in the whole Graphisoft Park, supplemented by residential and service functions that can potentially be developed in the southern area.**

In addition to the above, we should mention that next to the 18 hectares of the former Óbuda Gas Works owned by the Company, there is **another 12 hectares of development land** owned by the Municipality of Budapest. Following the required remediation, according to the currently valid regulations, an **additional 120,000 m² of leasable area can be developed**, for which an underground garage suitable for accommodating around 3,000 cars can also be built. If the Municipality of Budapest wishes to sell its development areas, the Company has the right of pre-emption for the larger part of it (7.5 hectares).

Key characteristic of the Graphisoft Park 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. The 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.

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 was December 31, 2022.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the said 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 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, the utilization of the office park decreased only slightly as a direct effect of the crisis caused by the coronavirus, the surge in inflation and the drastic change in energy prices, and it stands at 95% even in the current economic conditions. At the same time, in the near future, the change in tenant behavior and the emerging oversupply in the office market may again result in temporary or longer-term vacancies, so we must once again consider demands for reducing office space and the permanent transformation of office use. Taking into account the risks affecting the rental revenue and the economic environment, due to the increase in market yield expectations, a further, possibly significant devaluation of the fair value of properties cannot be excluded.

Forecasts published here are based on the valid lease contracts in effect at the time of writing this report. Factors significantly affecting results are the economic environment, the 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 400 HUF/EUR exchange rate, euro inflation rate of 5% and unchanged legal and taxation environment till the end of 2024.



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 14, 2024

Bojár Gábor
Chairman of Board of Directors

Kocsány János
Chief Executive Officer



EPRA indicators

In 2022, Graphisoft Park SE was the first in Hungary to join EPRA (European Public Real Estate Association), whose mission is to promote, develop and represent the European real estate sector. As part of this, it has created a standardized framework to improve comparability between real estate companies (EPRA BPR - Best Practices Recommendations), promoting better information for investors and stakeholders. As part of its commitment to transparency, from 2023 Graphisoft Park SE publishes detailed financial and real estate portfolio information in accordance with these EPRA recommendations.

		EPRA indicators – consolidated	
		2023 Q1	2024 Q1
EPRA Earnings ¹	in T EUR	3,668	3,688
EPRA Earnings per share	in EUR	0.36	0.37
EPRA net initial yield ²	in %	7.11%	7.28%
EPRA 'topped-up' net initial yield ²	in %	7.20%	7.36%
EPRA cost ratio ³ (including direct vacancy costs)	in %	8.15%	5.89%
EPRA cost ratio ³ (excluding direct vacancy costs)	in %	7.89%	5.58%
		Dec 31, 2023	Dec 31, 2024
EPRA NAVs			
EPRA Net reinstatement value ⁴	in T EUR	150,669	155,836
EPRA Net reinstatement value per share	in EUR	14.94	15.46
EPRA net tangible assets ⁵	in T EUR	150,614	155,791
EPRA net tangible assets per share	in EUR	14.94	15.45
EPRA Net disposal value ⁶	in T EUR	152,157	157,237
EPRA net disposal value per share	in EUR	15.09	15.59
EPRA vacancy rate ⁷	in %	3.70%	3.38%
EPRA loan-to-value ratio ⁸	in %	32.30%	30.50%

¹ Profit from operations, excluding changes in fair value of investment properties and financial assets.

² The ratio of the annual sales revenue reduced with real estate operating costs, and the real estate fair value increased with the estimated purchasers' costs. The "topped-up" indicator includes adjustments to the sales revenue for rent-free or other discounted periods.

³ Ratio of administrative and operating expenses compared to sales revenue.

⁴ Net asset value showing the replacement value in the long term, assuming that the properties are not sold.

⁵ The net value of tangible assets, assuming that the assets can be sold and thus deferred tax may arise. This indicator does not include the value of intangible assets.

⁶ Net disposal value: value at the time of sale, where deferred tax, financial instruments and other adjustments are calculated, and tax is deducted.

⁷ The estimated rental value of vacant areas compared to the value of the entire portfolio.

⁸ The ratio of total liabilities (not covered by available free cash) compared the fair value of properties and other assets.

The calculation methodology and detailed calculation of the indicators are presented in the annual report.



GRAPHISOFT PARK SE

QUARTERLY REPORT

for the quarter ended March 31, 2024

in accordance with International Financial Reporting Standards (IFRS)

(consolidated, unaudited)

Budapest, May 14, 2024

A handwritten signature in blue ink that reads "Kocsány János".

Kocsány János
Chief Executive Officer

A handwritten signature in blue ink that reads "Farkas Ildikó".

Farkas Ildikó
Chief Financial Officer

GRAPHISOFT PARK SE
QUARTERLY REPORT
MARCH 31, 2024

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GRAPHISOFT PARK SE
CONSOLIDATED BALANCE SHEET

MARCH 31, 2024

(all amounts in thousands of euros unless otherwise indicated)

	Notes	December 31, 2023	March 31, 2024
Cash and cash equivalents	3	14,562	15,080
Trade receivables	4	1,097	816
Current tax receivable	5	562	379
Other current assets	6	3,192	3,348
Current assets		19,413	19,623
Investment property	9	218,540	219,807
(Owner-occupied) Property, Plant and Equipment	7	1,116	1,218
Intangible assets	8	55	45
Long-term financial assets	13	4,999	5,302
Non-current assets		224,710	226,372
TOTAL ASSETS		244,123	245,995
Short-term loans	12	5,513	5,525
Trade payables	10	726	627
Current tax liability	5	400	477
Other short-term liabilities	11	4,846	3,207
Current liabilities		11,485	9,836
Long-term loans	12	78,291	76,707
Long-term financial liabilities	13	1,439	1,587
Other long-term liabilities	14	751	628
Non-current liabilities		80,481	78,922
TOTAL LIABILITIES		91,966	88,758
Share capital	1.3	250	250
Retained earnings		149,534	154,270
Treasury shares	22	(981)	(979)
Cash flow hedge reserve	13	5,727	6,091
Revaluation reserve of properties		681	681
Accumulated translation difference		(3,054)	(3,076)
Shareholders' equity		152,157	157,237
TOTAL LIABILITIES & EQUITY		244,123	245,995

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF INCOME

MARCH 31, 2024

(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended	
		March 31, 2023	March 31, 2024
Property rental revenue		4,195	4,311
Revenue	15	4,195	4,311
Property related expense	16	(32)	(38)
Employee related expense	16	(138)	(171)
Other operating expense	16	(101)	(109)
Depreciation and amortization	7, 16	(53)	(58)
Operating expense		(324)	(376)
Valuation (losses) / gains from investment property	9	(531)	1,047
Other (expense) / income	17	(18)	122
OPERATING PROFIT		3,322	5,104
Interest income	18	206	109
Interest expense	18	(422)	(392)
Exchange rate difference	19	74	(78)
Financial result		(142)	(361)
PROFIT BEFORE TAX		3,180	4,743
Income tax expense	20	(4)	(5)
PROFIT FOR THE PERIOD		3,176	4,738
Attributable to equity holders of the parent		3,176	4,738
Basic earnings per share (EUR)	21	0.31	0.47
Diluted earnings per share (EUR)	21	0.31	0.47

GRAPHISOFT PARK SE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
MARCH 31, 2024
(all amounts in thousands of euros unless otherwise indicated)

	Notes	3 months ended	
		March 31, 2023	March 31, 2024
Profit for the period		3,176	4,738
Cash-flow hedge valuation reserve*		(501)	364
Translation difference**		25	(22)
Other comprehensive income		(476)	342
COMPREHENSIVE INCOME		2,700	5,080
Attributable to equity holders of the parent		2,700	5,080

* 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, 2024
(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, 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
December 31, 2023	250	149,534	(981)	5,727	681	(3,054)	152,157
Profit for the period	-	4,736	-	2	-	-	4,738
Translation difference	-	-	-	-	-	(22)	(22)
Revaluation reserve	-	2	-	362	-	-	364
Treasury share transfer	-	(2)	2	-	-	-	-
March 31, 2024	250	154,270	(979)	6,091	681	(3,076)	157,237

* 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, 2024
(all amounts in thousands of euros unless otherwise indicated)

	3 months ended	
	March 31, 2023	March 31, 2024
OPERATING ACTIVITIES		
Income before tax	3,180	4,743
Fair value change of investment properties	531	(1,047)
Depreciation and amortization	53	58
(Gain) on sale of fixed assets	-	(21)
Interest expense	422	392
Interest income	(206)	(109)
Unrealized foreign exchange loss / (gain)	114	(43)
Changes in working capital:		
Decrease in receivables and other current assets	360	305
Increase / (decrease) in liabilities	529	(1,520)
Corporate income tax paid	(9)	(9)
Net cash from operating activities	4,974	2,749
INVESTING ACTIVITIES		
Purchase of investment property	(317)	(255)
Purchase of other tangible assets and intangibles	(9)	(169)
Sale of tangible assets	-	30
Interest received	209	116
Net cash used in investing activities	(117)	(278)
FINANCING ACTIVITIES		
Loan repayments	(1,480)	(1,510)
Interest paid	(400)	(385)
Net cash used in financing activities	(1,880)	(1,895)
Increase in cash and cash equivalents	2,977	576
Cash and cash equivalents at beginning of period	12,236	14,562
Exchange rate gain / (loss) on cash and cash equivalents	73	(58)
Cash and cash equivalents at end of period	15,286	15,080

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED MARCH 31, 2024
 (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 23 on March 31, 2024.

1.2. Properties

The total area of Graphisoft Park is nearly 18 hectares. Over the past 25 years, 82,000 m² 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 m² 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

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2024
(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:

Shareholder	December 31, 2023			March 31, 2024		
	Shares (pcs)	Share (%)	Voting right (%)	Shares (pcs)	Share (%)	Voting right (%)
ORDINARY SHARES:	10,631,674	100.00	90.87	10,631,674	100.00	90.14
Directors and management	1,789,082	16.83	16.12	1,789,082	16.83	15.99
Bojár Gábor - Chairman of the BoD	1,685,125	15.85	15.19	1,685,125	15.85	15.06
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	0.82	90,457	0.85	0.81
Shareholders over 5% share	2,960,406	27.85	26.68	2,648,261	24.91	23.68
HOLD Alapkezelő Zrt. (5)	735,386	6.92	6.63	1,148,261	10.80	10.27
VIG Befektetési Alapkezelő Magyarország Zrt. (4)	725,020	6.82	6.53	n/a	n/a	n/a
B.N.B.A. Holding Zrt.	1,500,000	14.11	13.52	1,500,000	14.11	13.41
Other shareholders	5,333,110	50.16	48.06	5,645,255	53.10	50.47
Treasury shares (1)	549,076	5.16	-	549,076	5.16	-
EMPLOYEE SHARES (2):	1,876,167	n/a	9.13	1,876,167	n/a	9.86
Kocsány János - Member of the BoD, CEO	923,213	n/a	8.32	923,213	n/a	8.25
Farkas Ildikó – Member of the BoD, CFO (3)	90,000	n/a	0.81	180,000	n/a	1.61
Employee treasury shares (1)	862,954	n/a	-	772,954	n/a	-
SHARES TOTAL:	12,507,841	100.00	100.00	12,507,841	100.00	100.00

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

(2) 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.

(3) As announced on March 12, 2024, the Company transferred 90,000 employee shares to Farkas Ildikó CFO.

(4) Based on the notice sent by VIG Befektetési Alapkezelő Magyarország Zrt (previously known as AEGON Befektetési Alapkezelő Zrt) on February 22, 2024, its share in the Company was reduced to less than 5%.

(5) Although in the table HOLD Alapkezelő Zrt.'s share and voting right percentage exceed 10%, the threshold was not surpassed due to the consideration of treasury and employee shares in the threshold value calculation.

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
 FOR THE QUARTER ENDED MARCH 31, 2024
 (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.

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 2023), 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 December 31, 2023	3 months ended December 31, 2024
EUR/HUF opening:	400.25	382.78
EUR/HUF closing:	380.99	395.83
EUR/HUF average:	388.60	388.19

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2024
(all amounts in thousands of euros unless otherwise indicated)

3. Cash and cash equivalents

	December 31, 2023	March 31, 2024
Cash in hand	1	1
Cash at banks	14,561	15,079
Cash and bank	14,562	15,080

4. Trade receivables

	December 31, 2023	March 31, 2024
Trade receivables	1,112	831
Provision for doubtful debts	(15)	(15)
Trade receivables	1,097	816

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

5. Current tax receivables and liabilities

	December 31, 2023	March 31, 2024
Current tax receivables	562	379
Current tax liabilities	(400)	(477)
Current tax receivables / (liabilities), net	162	(98)

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2024
(all amounts in thousands of euros unless otherwise indicated)

6. Other current assets

	December 31, 2023	March 31, 2024
Accrued income	532	460
Prepaid expense	94	274
Bank security accounts	2,434	2,441
Other receivables	132	173
Other current assets	3,192	3,348

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

	(Owner-occupied) Property	Plant and Equipment	(Owner-occupied) Property, Plant and Equipment
Net value:			
December 31, 2022	941	315	1,256
Gross value:			
December 31, 2022	1,375	1,067	2,442
Addition	2	61	63
Sale	-	(47)	(47)
Scrapping	-	(124)	(124)
Translation difference	-	34	34
December 31, 2023	1,377	991	2,368
Depreciation:			
December 31, 2022	434	752	1,186
Addition	82	102	184
Sale	-	(17)	(17)
Scrapping	-	(124)	(124)
Translation difference	-	23	23
December 31, 2023	516	736	1,252
Net value:			
December 31, 2023	861	255	1,116

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2024
(all amounts in thousands of euros unless otherwise indicated)

Gross value:

December 31, 2023	1,377	991	2,368
Addition	1	168	169
Sale	-	62	62
Scrapping	-	(124)	(124)
Translation difference	-	(27)	(27)
March 31, 2024	1,378	1,070	2,448

Depreciation:

December 31, 2023	516	736	1,252
Addition	20	29	49
Sale	-	71	71
Scrapping	-	(124)	(124)
Translation difference	-	(18)	(18)
March 31, 2024	536	694	1,230

Net value:

March 31, 2024	842	376	1,218
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8. Intangible assets

	Software	Intangible assets	Software	Intangible Assets
Net value:			Net value:	
December 31, 2022	65	65	December 31, 2023	55
Gross value:			Gross value:	
December 31, 2022	136	136	December 31, 2023	162
Addition	19	19	Addition	-
Translation difference	7	7	Translation difference	(5)
December 31, 2023	162	162	March 31, 2024	157
Depreciation:			Depreciation:	
December 31, 2022	71	71	December 31, 2023	107
Addition	32	32	Addition	9
Translation difference	4	4	Translation difference	(4)
December 31, 2023	107	107	March 31, 2024	112
Net value:			Net value:	
December 31, 2023	55	55	March 31, 2024	45

GRAPHISOFT PARK SE
NOTES TO THE QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2024
(all amounts in thousands of euros unless otherwise indicated)

9. Investment property

	Development Land	Completed investment property	Investment Property
Book value:			
December 31, 2022	8,354	213,612	221,966
Addition	-	996	996
Change in fair value	-	(4,422)	(4,422)
December 31, 2023	8,354	210,186	218,540
Addition	8	212	220
Change in fair value	-	1,047	1,047
March 31, 2024	8,362	211,445	219,807

2024 Q1 additions in construction in progress of 220 thousand EUR comprise the following:

- refurbishment of buildings in progress in the core area (44 thousand EUR),
- fit-out works in completed investment properties upon tenants' requests (168 thousand EUR) and
- other developments in progress (8 thousand EUR).

The independent valuation was prepared by ESTON International Kft. 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.

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

		December 31, 2023	March 31, 2024
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		82-90%	82-90%
Average discount factor		7.67%	7.83%

10. Trade payables

	December 31, 2023	March 31, 2024
Trade payables – domestic	726	627
Trade payables	726	627

11. Other short-term liabilities

	December 31, 2023	March 31, 2024
Amounts due to employees and related tax liabilities	66	67
Deposits from tenants	1,157	913
Fair value difference of loans*	510	494
Other payables and accruals	3,113	1,733
Other short-term liabilities	4,846	3,207

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

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12. Loans

12.1. Loan details

	December 31, 2023	March 31, 2024
Short-term	5,513	5,525
Long-term	78,291	76,707
Loans	83,804	82,232

Loans provided by Erste Bank Hungary Zrt.:

Loan number 1. (Erste)

	December 31, 2023	March 31, 2024
Short-term	779	769
Long-term	7,127	6,746
Loan 1 / Erste Bank Hungary Zrt.	7,906	7,515

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, 2024, the outstanding capital of the forint-based facility amounts to 2.4 billion HUF (6,071 thousand EUR); and the euro-based facility amounts to 1,701 thousand EUR. The fair value of the loans (calculated using market interest rates) is 7,515 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, 2024, the fair value of the cash flow hedge transaction is presented among long-term financial liabilities in the amount of 1,587 thousand EUR.

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Loan number 2. (Erste)

	December 31, 2023	March 31, 2024
Short-term	2,022	2,037
Long-term	27,536	27,015
Loan 2 / Erste Bank Hungary Zrt.	29,558	29,052

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, 2024, the fair value of the IRS is 1,752 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, 2023	March 31, 2024
Short-term	1,252	1,259
Long-term	13,794	13,477
Loan 1. / UniCredit Bank Hungary Zrt.	15,046	14,736

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, 2024, the outstanding capital amounts to 15,600 thousand EUR, whose fair value was 14,736 thousand EUR (calculated using market interest rates) (see details under point 12.2 below).

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Loan number 2. (Unicredit)

	December 31, 2023	March 31, 2024
Short-term	1,460	1,460
Long-term	29,834	29,469
Loan 2./ UniCredit Bank Hungary Zrt.	31,294	30,929

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, 2024, the fair value of the IRS is 3,550 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, 2023	March 31, 2024
Erste Bank Hungary Zrt. Loan nr. 1.*	7,906	7,515
Erste Bank Hungary Zrt. Loan nr. 2.	29,558	29,052
UniCredit Bank Hungary Zrt. Loan nr. 1.*	15,046	14,736
UniCredit Bank Hungary Zrt. Loan nr. 2.	31,294	30,929
Loans at fair value*	83,804	82,232

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

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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, 2024:

	Outstanding loan liability	**Fair value Difference	*Fair value
Erste Bank Hungary Zrt.	7,774	259	7,515
UniCredit Bank Hungary Zrt.	15,600	864	14,736
Loans (NHP)	23,374	1,123	22,251

* 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, 2023	March 31, 2024
ERSTE Bank Hungary Zrt. loan nr. 1.	(1,439)	(1,587)
ERSTE Bank Hungary Zrt. loan nr. 2.	1,580	1,752
UniCredit Bank Hungary Zrt. loan nr. 2.	3,419	3,550
Fair value of hedges*	3,560	3,715
Of which long term financial asset	4,999	5,302
Of which long term financial liability	(1,439)	(1,587)
Reserve of the relating cash flow hedge	5,727	6,091

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

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14. Other long-term liabilities

	December 31, 2023	March 31, 2024
Fair value difference of loans*	751	628
Other long-term liabilities	751	628

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

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15. Revenue

	3 months ended	
	March 31, 2023	March 31, 2024
Property rental revenue	4,195	4,311
Revenue	4,195	4,311

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, 2023	March 31, 2024
Property related expense	32	38
Employee related expense	138	171
Other operating expense	101	109
Depreciation and amortization	53	58
Operating expense	324	376

Other operating expense consists of the following items:

	3 months ended	
	March 31, 2023	March 31, 2024
Office and telecommunication	1	1
Legal and administration	50	52
Other	50	56
Other operating expense	101	109

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17. Other (expense) income

	3 months ended	
	March 31, 2023	March 31, 2024
Income from recharged construction expenses	51	13
Recharged construction expenses	(43)	(12)
Income from recharged operation expenses	2,027	1,720
Recharged operation expenses	(2,046)	(1,621)
Others	(7)	22
Other (expense) income	(18)	122

18. Interest income and interest expense

	3 months ended	
	March 31, 2023	March 31, 2024
Interest income	206	109
Interest expense on loans	(404)	(380)
Other interest expense	(18)	(12)
Net interest expense	(216)	(283)

19. Other financial result

	3 months ended	
	March 31, 2023	March 31, 2024
Exchange rate gain / (loss) realized	74	(128)
Exchange rate (loss) / gain not realized	(39)	47
Ineffective part of hedge*	39	3
Other financial result	74	(78)

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

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20. Income taxes

	3 months ended	
	March 31, 2023	March 31, 2024
Current income tax	(4)	(5)
Income tax expense	(4)	(5)

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 2023 and 2024.

21. Earnings per share

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

	3 months ended	
	March 31, 2023	March 31, 2024
Net profit attributable to equity holders	3,176	4,738
Weighted average number of ordinary shares	10,082,598	10,082,598
Basic earnings per share (EUR)	0.31	0.47
Weighted average number of ordinary shares	10,082,598	10,082,598
Diluted earnings per share (EUR)	0.31	0.47

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.

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22. Treasury shares

Graphisoft Park SE treasury share details are as follows:

	December 31, 2023	March 31, 2024
Number of ordinary shares	549,076	549,076
Number of employee shares	862,954	772,954
Face value per share (EUR)	0.02	0.02
Total face value (EUR)	28,241	26,441
Total value of treasury shares (at historical cost)	981	979

23. Net asset value

Book value and fair value of assets and liabilities as of March 31, 2024:

	Note	Book value March 31, 2024	Fair value March 31, 2024	<i>Difference</i>
Investment property and other tangible assets*	7,9	221,025	227,394	6,369
Intangible assets	8	45	45	-
Current tax liabilities, net	5	(98)	(98)	-
Non-financial instruments		220,972	227,341	6,369
Cash and cash equivalents	3	15,080	15,080	-
Trade receivables	4	816	816	-
Other current assets	6	3,348	3,348	-
Other long term financial assets	13	5,302	5,302	-
Trade payables	10	(627)	(627)	-
Other short-term liabilities	11	(3,207)	(3,207)	-
Loans	12	(82,232)	(82,232)	-
Other long term financial liabilities	13	(1,587)	(1,587)	-
Other long-term liabilities	14	(628)	(628)	-
Financial instruments		(63,735)	(63,735)	-
Net asset value		157,237	163,606	6,369

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 227,018 thousand euros as of March 31, 2024.

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

	Note	Book value Dec 31, 2023	Fair value Dec 31, 2023	Difference
Investment property and other tangible assets*	7,9	219,656	225,727	6,071
Intangible assets	8	55	55	-
Current tax assets, net	5	162	162	-
Non-financial instruments		219,873	225,944	6,071
Cash and cash equivalents	3	14,562	14,562	-
Trade receivables	4	1,097	1,097	-
Other current assets	6	3,192	3,192	-
Other long term financial assets	13	4,999	4,999	-
Trade payables	10	(726)	(726)	-
Other short-term liabilities	11	(4,846)	(4,846)	-
Loans	12	(83,804)	(83,804)	-
Other long term financial liabilities	13	(1,439)	(1,439)	-
Other long-term liabilities	14	(751)	(751)	-
Financial instruments		(67,716)	(67,716)	-
Net asset value		152,157	158,228	6,071

* Based on the valuation of the independent appraiser the fair value of the entire property portfolio is 225,472 thousand euros as of December 31, 2023.

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 was December 31, 2022.

We requested information from MVM Next Energiakereskedelmi Zrt. about its implementation plans related to the said 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 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

On May 13, 2024, the Company entered into a Cooperation Agreement with Synergy Construction Hungary Kft. to explore the possibility of residential development on the 2.5 hectare southern development area, which is owned by the Company and separated from the office park by a public road. Synergy Kft., our partner in the joint work, will also have the opportunity to purchase the land and the project company owning it, under the conditions specified in the Cooperation Agreement. The research is expected to be completed and the results published by the end of this year or early next year.

26. Approval of financial statements, dividend

On April 28, 2023, the Annual General Meeting of Graphisoft Park SE approved the 2023 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS) showing a balance sheet total of 244,123 thousand EUR and a profit for the year of 10,162 thousand EUR. Together with the approval of the consolidated financial statements for issue, the AGM approved dividend distribution of 0.70 EUR per ordinary share, 7,058 thousand EUR in total, and in total 386 thousand EUR on employee shares. The starting date for dividend payments will be May 21, 2024. The Company will pay out the dividends to the shareholders identified by shareholder's registration as of May 6, 2024.

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.*