

P R E S S R E L E A S E

Warimpex in 2023: Positive operating result, but significant measurement losses

- **Higher revenues from office properties and hotels increase total revenues to EUR 49.7 million (up 10 per cent), EBITDA remains strong at EUR 21.6 million (up 31 per cent)**
- **Measurement losses on properties of EUR 38.3 million**
- **Equity ratio of 33 per cent, cash flow from operating activities up 128 per cent**
- **Developments on schedule: Mogilska 35 Office in Krakow completed, new zoning plan for further developments in Darmstadt approved**
- **Focus on international sustainability certifications and expansion of coworking offerings**

Vienna/Warsaw, 29 April 2024 – The high interest rate levels and elevated construction costs posed a tremendous challenge for the entire real estate sector last year, and Warimpex was no exception to this trend. Nevertheless, the company generated a clearly positive operating result, with a 10 per cent increase in revenues to EUR 49.7 million. This success is contrasted by significant property valuation losses totalling EUR 38.3 million, which can be attributed above all to the development of interest rates and the effects of the conflict in Ukraine. Thus, the result for the period fell from EUR 42.9 million in the previous year to minus EUR 23.8 million.

“Despite the challenging market conditions, we were able to generate a clearly positive operating result and push ahead with the projects in Poland and Germany as planned. This confirms our long-term strategy of focusing on existing property reserves and sustainable office concepts combined with coworking offerings. At the same time, measurement losses are taking a heavy toll on the results. This makes it all the more important that Warimpex continues to have a stable financial base with a healthy equity ratio and strong cash flows,” commented Warimpex CEO Franz Jurkowitsch.

Key financial metrics are clearly positive, not least due to the stability in terms of operating activities. For example, the cash flow from operating activities doubled versus the prior year, coming to EUR 24.8 million (up 128 per cent). At the same time, Warimpex has a healthy equity ratio of 33 per cent. In addition, the company is benefiting from the fact that only 20 per cent of its interest-bearing liabilities are subject to variable interest rates, so the interest rate risk is manageable.

Business development in 2023

Total revenues improved by 10 per cent to EUR 49.7 million. This can be attributed to higher revenues from office properties (up 11 per cent) and hotels (up 22 per cent). No real estate transactions were executed in 2023 apart from the sale of the stake in Palais Hansen, which was recognised in equity. The B52 office building in Budapest was successfully sold in the prior-year period. EBITDA improved by 31 per cent to EUR 21.6 million due to the increases in revenue and lower operating expenses.

EBIT went from EUR 59.1 million in the previous year to minus EUR 16.8 million. This clearly reflects the negative result from depreciation, amortisation, and remeasurement of EUR 38.4 million. In 2022, Warimpex saw measurement gains of EUR 42.6 million in this item, which plainly demonstrates the volatile economic conditions and the associated measurement fluctuations. The financial result also went from minus EUR 6.5 million to minus EUR 10.5 million, with finance expenses remaining nearly unchanged versus the prior year. By contrast, income from foreign exchange rate changes in the financial result and from joint ventures came in lower. All in all, this led to a decline in the result for the period from EUR 42.9 million in the previous year to minus EUR 23.8 million.

Focus on sustainable developments and coworking offerings

Energy efficiency, the use of renewable energy sources, and reducing carbon emissions are core considerations in the construction, refurbishment, and ongoing operation of buildings. The company generally plans to obtain international sustainability certifications for all new developments while taking the EU Taxonomy into account. For example, Mogilska 35 Office in Krakow with roughly 11,900 square metres of net floor space, which opened in November 2023, was awarded BREEAM – Excellent certification and classified as EU Taxonomy-aligned.

An important milestone was achieved in Darmstadt in September 2023 with the approval of a new zoning plan for the further developments. Office and commercial properties with up to 77,500 square metres of floor space can now be built on the property reserves. The planning for the first project, West Yard 29 with around 12,500 square metres of lettable space, is already at an advanced stage. Further projects are being pursued in Poland, including the Chopin co-living/office project in Krakow with roughly 20,600 square metres of space and the MC 55 office building in Białystok with around 38,500 square metres of space. Building permits have already been issued for both of these projects. There are still no further developments planned in Russia.

Cowork by Memos already provides coworking space at four office buildings in Poland: Ogródowa Office and the Red Tower in Łódź and Mogilska 43 Office and Mogilska 35 Office, which was completed in 2023, in Krakow. Another space is located at the greet hotel in Darmstadt. The workspaces, which can be let out temporarily, offer outstanding working infrastructure as well as a high level of flexibility and can be optimally adapted to the changes in the world of work resulting from the coronavirus pandemic.

Outlook

“The development of inflation and interest rates, the associated increase in the cost of project financing, and the yield trend for properties are once again key issues in the industry this year. With a stable financial base, our focus this year will be on making preparations for construction at the Darmstadt site and continuing ongoing construction and development activities. Based on the current budget figures, we anticipate positive results for our ongoing operational activities in 2024 overall,” said Franz Jurkowitsch in closing.

Key financial figures for financial year 2023 at a glance:

in EUR '000	2023	Change	2022
Investment Properties revenues	36,925	11%	33,154
Hotels revenues	11,308	22%	9,273
Development and Services revenues	1,453	-46%	2,709
<i>Total revenues</i>	<i>49,685</i>	<i>10%</i>	<i>45,136</i>
Expenses directly attributable to revenues	-17,110	6%	-16,100
<i>Gross income from revenues</i>	<i>32,575</i>	<i>12%</i>	<i>29,036</i>
Gains or losses from the disposal of properties	-	-	2,821
EBITDA	21,617	31%	16,498
Depreciation, amortisation, and remeasurement	-38,443	-	42,649
EBIT	-16,826	-	59,148
Financial result	-10,494	-	-6,522
Profit or loss for the period	-23,807	-	42,864
Net cash flow from operating activities	24,791	128%	11,353
Equity and liabilities	371,273	-18%	455,068
Equity	122,036	-28%	170,289
Equity ratio	33%	-4 pp	37%
Number of shares	54,000,000	-	54,000,000
Earnings per share in EUR	-0.46	-	0.82
Number of treasury shares as at 31 December	1,939,280	-	1,939,280
Number of office and commercial properties	10	1	9
Lettable office space (adjusted for proportionate share of ownership)	138,200 m ²	11,900 m ²	126,300 m ²
m ² with sustainability certificates (adjusted for proportionate share of ownership)	106,300 m ²	30,900 m ²	75,400 m ²
in % of the total floor area	77%	17 pp	60%
Number of hotels	3	-1	4
Number of hotel rooms (adjusted for proportionate share of ownership)	831	-	831
	31/12/2023	Change	31/12/2022
Gross asset value (GAV) in EUR millions	360.1	-16%	429.3
NNNAV per share in EUR	2.68	-29%	3.78
EPRA NTA	2.56	-29%	3.59
End-of-period share price in EUR	0.745	15%	0.65

Warimpex Finanz- und Beteiligungs AG at a glance

Warimpex is a real estate development and investment company that was founded in 1959. The firm is headquartered in Vienna and is listed on the stock exchanges in Vienna and Warsaw. Warimpex develops properties and operates them itself until the time at which the highest added value can be realised through sale. The company optimally combines the long-term strategic planning and short decision-making channels of a family-run business with the transparency and financial flexibility of a listed firm. In addition, Warimpex has more than 60 years of business experience in Central and Eastern Europe, where it serves as a true pioneer, for example with the development of the region's first design hotel. Warimpex has developed properties worth more than one billion euros over the past 40 years and is deeply anchored in Poland, Russia, Hungary, Germany, and Austria to this day.

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