

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

Warimpex improves result for first three quarters of 2022 significantly

- Substantially improved profit for the period of EUR 13.6 million (1–9 2021: EUR 2.6 million)
- Higher occupancy for offices and hotels leads to 69 per cent increase in revenues; EBIT and EBITDA remain strong
- Equity ratio at 36 per cent; cash flow from operations doubles to EUR 8.1 million
- Focus on Poland, innovation in coworking, and obtaining sustainability certifications for portfolio
- Construction for Mogilska 35 Office in Krakow going according to plan; completion set for 2023

Vienna/Warsaw, 29 November 2022 – In the first three quarters of the year, the Warimpex Group improved all of its key financial metrics versus the prior-year period. The profit for the period increased from EUR 2.6 million to EUR 13.6 million. These developments can primarily be attributed to the following factors: higher occupancy at the office properties in Poland; the full consolidation of an additional office property in St. Petersburg; an improvement in occupancy rates at hotels, particularly in comparison to the previous year, which was still significantly impacted by COVID-19; and not least the strength of the Russian rouble. In addition, an earnings contribution of EUR 2.8 million came from the successful disposal of the B52 office building in Budapest, while no sales transactions were completed in the prior-year period.

“These results are particularly pleasing against the backdrop of the current geopolitical and economic upheavals caused by the armed conflict in Ukraine, although the disastrous humanitarian situation in the country is deeply concerning,” said Franz Jurkowitsch, CEO of Warimpex. *“The solid business development is based not least on our long-standing business strategy that affords us both the necessary flexibility to be able to react to market developments quickly and the long-term stability to excel at getting real estate projects off the ground. Our focus continues to be on innovative and sustainable office developments and strengthening our portfolio in Poland and Germany.”*

Substantially improved profit for the period

The financial metrics for the Warimpex Group in the first three quarters of 2022 were as follows: Revenues from the rental of office properties rose from EUR 14.9 million to EUR 23.9 million, primarily due to the first-time inclusion of the revenues from the Jupiter office towers in St. Petersburg, which have been fully consolidated in the Group since the end of 2021, the recovery of the rouble following the currency's steep slide in February and March, and the higher occupancy rate of the Polish office properties. Revenues in the Hotels segment rose to EUR 6.6 million in the first nine months of 2022, which represents an increase of 103 per cent compared with the prior-year period. The development of revenues was still stunted by the COVID-19 pandemic in the previous year. Total revenues increased by 69 per cent to EUR 32.4 million.

At the end of June 2022, the B52 office building in Budapest was sold under a share deal generating an earnings contribution of EUR 2.8 million. The Group conducted no real estate transactions during the prior-year period. EBITDA rose from EUR 7.9 million to EUR 15.9 million, primarily due to the improvement in gross income from revenues and the gains on the disposal of properties. EBIT increased from EUR 8.3 million to EUR 21.5 million. This increase is primarily due to the higher EBITDA and a better result from property valuation. The financial result went from minus EUR 5.4 million to minus EUR 5.6 million. This includes currency translation gains of EUR 3.0 million (2021: EUR 0.9 million) and losses from the measurement of derivatives held for interest rate hedging purposes and currency hedging purposes in the amount of EUR 1.0 million.

In total, this resulted in a profit for the period of EUR 13.6 million, up from EUR 2.6 million in the prior-year period. Key figures such as the equity ratio of 36 per cent (up 2 pp) and cash flow from operations (up 96 per cent to EUR 8.1 million) are also positive highlights.

Property development focused on Poland and Germany

With regard to developments, Mogilska 35 Office, which will offer roughly 11,900 square metres of space, is currently being built in Krakow. The project is scheduled to be completed in 2023. Building permits have been issued for the MC 55 office building in Białystok with roughly 38,500 square metres of space and the Chopin office building in Krakow with roughly 21,200 square metres of space – construction will start as soon as sufficient tenant demand has been secured. In the German city of Darmstadt, the planning for the West Yard 29 office building with roughly 13,800 square metres of space in the immediate vicinity of the greet hotel owned by Warimpex is already at an advanced stage. While the B52 office building in Budapest was sold at the end of June, Warimpex acquired Red Tower in Łódź with over 12,400 square metres of lettable space, which will be refurbished while remaining occupied.

In Russia, Avior Tower 1 at AIRPORTCITY St. Petersburg, which started being built in 2020 and offers roughly 16,900 square metres of space, was completed in the third quarter of 2022 and is already fully occupied; the lease term will begin in January 2023. New developments at the site are not being pursued at this time.

Franz Jurkowitsch commented, *“The projects listed above make it clear that we have increased our focus on Poland. It has always been one of our most important markets, in no small part due to the demand for high-quality office space in medium-sized cities apart from Warsaw. These locations offer highly skilled workers and strong infrastructure, which are key factors for attracting international companies as tenants.”*

Innovation and sustainability

Energy efficiency, the use of renewable energy sources, and reducing carbon emissions are core considerations in the construction and refurbishment of properties. Warimpex is striving to obtain certifications in this area by implementing sustainability concepts in its property portfolio. At the same time, innovative office concepts are being initiated as a response to the changes in the working world – not least due to the coronavirus pandemic. Warimpex now offers coworking spaces at three of its office buildings – Ogródowa Office and Red Tower in Łódź and Mogilska 43 Office in Krakow – where workstations as well as small and medium-sized

offices are let out on a short-term basis, thus providing excellent work infrastructure along with a high level of flexibility. These offerings are being received well and will therefore be expanded.

Outlook

“Overall, we succeeded in consistently pursuing our strategy in the first three quarters despite challenging market conditions and are thus headed into the end of the year with an optimistic outlook. Our goal is now to bring planned construction projects to completion and to further develop our operational activities with stable cash flows. One of the key factors here is keeping a close eye on the economic and geopolitical conditions and acting rationally on the basis of the important experience we have gained in recent years,” said Franz Jurkowitsch in closing.

Key financial figures for the first three quarters of 2022 at a glance:

in EUR '000	1–9/2022	Change	1–9/2021
Investment Properties revenues (offices)	23,912	60%	14,904
Hotels revenues	6,613	103%	3,258
Development and Services revenues	1,908	85%	1,030
Total revenues	32,433	69%	19,192
Expenses directly attributable to revenues	-11,742	69%	-6,943
Gross income from revenues	20,691	69%	12,249
Gains or losses from the disposal of properties	2,821	-	-
EBITDA	15,948	103%	7,867
Depreciation, amortisation, and remeasurement	5,534	1,059%	477
EBIT	21,482	157%	8,344
Financial result	-5,573	-3%	-5,393
Profit or loss for the period	13,576	438%	2,522
Net cash flow from operating activities	8,092	96%	4,128
Equity ratio	36%	2 pp	34%
	30/6/2022	Change	31/12/2021
Gross asset value (GAV) in EUR millions	457.3	24%	365.8
EPRA NTA per share in EUR	3.68	40%	2.63
End-of-period share price in EUR	0.84	-25%	1.12

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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