



INTERIM MANAGEMENT REPORT

September 8, 2023

REGULATED INFORMATION

20% INCREASE IN RECURRING OPERATING INCOME ALMOST 100% OCCUPANCY RATE MAINTAINED

TEXAF's Board of Directors has approved the consolidated financial statements (based on IFRS as adopted in the European Union) for the six months to June 30, 2023. These interim financial statements are unaudited.

HIGHLIGHTS OF FIRST-HALF 2023

- Regarding the macroeconomic situation in the Democratic Republic of Congo, the mining sector continues to drive the GDP growth in 2023 (+6.8% expected in 2023 vs. +8.9% in 2022). But the acceleration in inflation (+14.8% expected on average over 2023 vs. 9.3% in 2022), linked to the surge of public spending, led to a 20% fall in the Congolese franc against the USD between the beginning and end of the half-year. Liquidity in the banking sector remains good, enabling the Group to take out a new 10 million USD loan at a 7% fixed rate over 6 years to finance its real estate investments.
- Sales reached a new high of 14.1 million EUR (+ 7.9%).
- The sandstone quarry, whose business is cyclical, saw its sales increase by 24% compared with the 1st half of 2022, mainly supported by higher prices.
- In real estate, rents rose by 5.1%, following a general indexation of 5% and the revision of certain leases. The occupancy rate remained close to 100%.
- The group's two largest projects, "Promenade des Artistes" (94 apartments) and "Silikin Village Phase III" (6,000 m² gross), are progressing well and should be delivered respectively at the end of the year for Silikin Village Phase III and in the first half of 2024 for Promenade des Artistes.
- SILIKIN VILLAGE, which develops the Group's digital business, has positioned itself as a key player in the digital development of the DRC. Not only are official visits and events multiplying, but the premises are all rented out and it has obtained a subsidy from a program financed by the World Bank for the construction and animation of its Phase III, which should make it the largest hub in Central Africa.
- The agreement announced with the WIOCC group (www.wiocc.net www.openaccessdc.net) for the construction and management in SILIKIN VILLAGE of the first neutral, international-standard data centre in the DRC is nearing completion and the first racks should be installed by the end of this year.
- Operating expenses decreased as a % of sales, positively impacted by a reduction in rental income tax (from 22% to 12%) and changes in sandstone inventories, which offset the increase in personnel costs and write-downs on VAT receivables following the depreciation of the Congolese franc.
- Overall, recurring EBITDA rose by 12.5% to EUR 6,915 k, and recurring operating income by 19.6% to EUR 4,885 k. Net income group share fell by -19.7% to EUR 3,944 k, compared with 1^{er} half 2022, which had benefited from an exceptionally high reduction in provisions for deferred taxes.

In k EUR	2019	2020	2021	2022	2023
Half-year recurring operating result	4.193	4.540	3.869	4.083	4.885
As % of turnover	37%	39%	33%	29%	32%

REAL ESTATE ACTIVITIES

The Group is developing a real estate services business in Kinshasa. It rents out, manages and provides services to residents of its own residential and business park.

- Contribution of real estate activities to consolidated income:

REAL ESTATE (000 EUR)	30-06-19	30-06-20	30-06-21	30-06-22	30-06-23
Revenue from ordinary activities	9.501	9.797	9.579	10.948	11.451
Recurring operating result	4.728	4.865	4.369	4.586	4.909
Operating result	4.728	4.865	4.324	4.561	4.753
Result before deferred taxes	3.518	3.607	3.219	3.267	3.151
Net result (Group's share)	4.327	3.047	3.112	4.991	3.545

- Rental income rose by 4.6% to EUR 11,451 k. This increase is due to the following factors:
 - Rents have generally been indexed up to 5%, to be applied on the anniversary date of the contracts, and some rents have been revised upwards.
 - In addition, the occupancy rate for both offices and residential units remained close to 100%, showing great stability compared with the previous year.
- Recurring operating income rose by 7% to EUR 4,909 k, due to the following main factors:
 - Good control of direct operating costs.
 - The reduction in rental income tax from 22% to 12% following a decision by the city of Kinshasa.
 - A reduction in security costs due to a review of the number of police officers needed to defend the Group's assets against plundering attempts on the Kinsuka land and the flood-prone, unbuildable areas of the Utxafrica concession.
 - The leverage effect on depreciation, which remained stable compared with the previous period.
 - However, these positive effects were partially offset by foreign exchange losses on VAT receivables expressed in Congolese francs.

The two construction projects "Promenade des Artistes" and "Silikin Village phase III" are progressing well, but have been affected by construction delays, mainly due to late deliveries of materials. Promenade des Artistes is a 94-apartment development in a car-free, above-ground neighbourhood; it should be available for rental in the first quarter of 2024, at a total investment of 24 million EUR. Silikin Village III is a 6,000 m² project featuring furnished offices, co-working spaces, shared meeting rooms and an auditorium. The first building is scheduled for delivery in December 2023. The total cost of the project is estimated at around 14 million EUR, including interior fittings and furniture.



Job-site Promenade des Artistes

DIGITAL BUSINESS

The digital business currently consists of a 2.1 million EUR investment in the Partech Africa fund (estimated value), a 49% stake in the data center currently under construction, and the operation of the **SILIKIN VILLAGE** in Kinshasa.

- Contribution of digital business

DIGITAL (EUR 000)	30-06-19	30-06-20	30-06-21	30-06-22	30-06-23
Revenue from ordinary activities		0	20	25	142
Recurring operating result		-97	-84	-171	-83
Operating result		-97	-84	-171	-83
Result before deferred taxes		-97	-84	-171	-85
Net result (Group's share)		-97	-84	-171	-85

- **SILIKIN VILLAGE** is developing Kinshasa's digital economy hub, which will bring together on a single site, training, incubation and hosting activities for start-ups and international companies looking to expand in the DRC. It will be developed around the **SILIKIN CAMPUS**, launched in January 2020, which is a place for teaching, seminars and conferences focused on digital and entrepreneurship. The attractiveness of the concept has led to the refurbishment in 2021 of 1,000 m² of offices and meeting rooms to accommodate start-up's and small structures wishing to integrate into the **SILIKIN VILLAGE**. As mentioned above, a third phase of 6,000 m² is currently under construction and should be available by the end of 2023.
- Segment results for the digital business do not include the EUR 708 k rental income generated by these buildings. They only include the digital business share of events revenues, as well as a management fee for managing the rental units.
- In 2022, the TEXAF group had announced the construction of the DRC's first neutral data center in **SILIKIN VILLAGE**, in association with the WIOCC group. Construction is progressing well, with the first phase scheduled for completion by the end of 2023. The data center will be carrier-neutral and open-access, to maximize interconnection opportunities for all customers. It will be designed and operated to international standards, such as Uptime Institute Tier III, ISO 9001 and PCI-DSS.

In a very short space of time, **SILIKIN VILLAGE** has become Kinshasa's meeting point for digital and entrepreneurial activities.



3D view of Silikin Village III

QUARRYING ACTIVITY

CARRIGRES operates a sandstone crusher quarry located 10 km from downtown Kinshasa.

- Contribution of quarrying to consolidated income:

CARRIGRES (EUR 000)	30-06-19	30-06-20	30-06-21	30-06-22	30-06-23
Revenue from ordinary activities	1.003	1.186	1.280	2.196	2.725
Recurring operating result	-109	244	68	247	741
Operating result	-109	244	68	247	741
Result before deferred taxes	36	362	164	264	573
Net profit (Group's share)	67	373	218	335	629

- Quarry sales rose by 24.1% compared with the first half of 2022, mainly due to an increase in the average price from EUR 12.6 to EUR 15.6. In volume terms, sales rose by 0.4% to 174,447 tonnes. This good sales performance and the upward trend in prices should continue until the end of the year.
- Operating income rose to 741 k EUR (vs. EUR 247 k in the 1st half 2022). This result was positively impacted by a EUR 144 k increase in sandstone inventories. This is a non-cash item.
- Given CARRIGRES'** strong cash position, net income, including financial income, came to EUR 629 k (vs. EUR 294 k).

HOLDING

- Contribution of holding activities to consolidated income:

HOLDING (EUR 000)	30-06-19	30-06-20	30-06-21	30-06-22	30-06-23
Revenue from ordinary activities	0	0	0	0	0
Recurring operating result	-426	-472	-484	-579	-682
Operating result	-357	-472	-484	-579	-682
Result before deferred taxes	-129	-249	-220	-329	-236
Net result (Group's share)	-240	-169	-137	-242	-145

- Expenses amount EUR 682 k, rising due to one additional headcount and higher variable compensations for executive directors.
- Net income is - EUR 145 k, rising +97 k EUR on the 1st half-year 2022, reflecting the increase in financial income.



CONSOLIDATED RESULTS FOR THE TEXAF GROUP (in EUR thousands)

(Unaudited)

000 EUR	30.06.2021	30.06.2022	30.06.2023
Revenue from ordinary activities	10.854	13.121	14.152
Other recurring operating income	932	859	883
Recurring operating expenses	<u>-6.153</u>	<u>-7.831</u>	<u>-8.120</u>
Recurring EBITDA ⁽¹⁾	5.633	6.148	6.915
	y-1	-10%	9%
Amortisation and Depreciation	<u>-1.765</u>	<u>-2.066</u>	<u>-2.030</u>
Recurring operating income (EBIT) ⁽¹⁾	3.869	4.083	4.885
	y-1	-15%	6%
Non-recurring operating items	<u>-45</u>	<u>-25</u>	<u>-157</u>
Operating result (EBIT) ⁽¹⁾	3.823	4.058	4.728
	y-1	-16%	6%
Financial income and expenses	<u>-20</u>	<u>-60</u>	<u>-13</u>
Result before tax (from continuing operations)	3.803	3.997	4.715
	y-1	-16%	5%
Current taxes	<u>-724</u>	<u>-966</u>	<u>-1.311</u>
Result before deferred taxes	3.079	3.032	3.404
Deferred taxes	<u>37</u>	<u>1.892</u>	<u>543</u>
Net result after tax	3.115	4.924	3.947
Consolidated net result	3.109	4.913	3.944
	y-1	-1%	58%
Per share			
<i>Recurring operating income (in EUR)</i>	1,055	1,114	1,332
<i>Operating income in EUR</i>	1,043	1,107	1,290
<i>Consolidated net income (Group share) in EUR</i>	0,848	1,340	1,076
<i>Number of shares outstanding</i>	3.666.556	3.666.556	3.666.556

(1) EBITDA: EBIT plus depreciation and amortization but excluding changes in provisions and write-downs and reversals of write-downs on current assets. EBIT: Net income to which are added current and deferred income taxes and financial income and expenses, including foreign exchange variations. Non-recurring items: income or expenses which are not expected to recur in each accounting period, such as: gains or losses on disposals of fixed assets, write-downs or reversals of write-downs on fixed assets, costs linked to major restructuring, takeovers or disposals of business (e.g. redundancy costs, plant closure costs, commissions paid to third parties to acquire or dispose of a business, etc.).



STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME (in EUR thousands)

(Unaudited)

	30.06.2021	30.06.2022	30.06.2023
Result for the financial year	3.115	4.924	3.947
Spread variations in foreign currency			-75
Actuarial income and expenses related to post-employment obligations (net of taxes)	34	115	2
Movements (net of tax) in revaluation reserves	-	-	-
Comprehensive income	3.149	5.039	3.874
Allocated to			
TEXAF shareholders	3.142	5.027	3.871
To Minority interests	7	12	3

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(Unaudited)

EUR 000	30.06.2021	30.06.2022	31.12.2022	30.06.2023
NON-CURRENT ASSETS	117,579	124,597	130,400	133,999
<i>Property, plant and equipment</i>	8,505	8,479	8,362	8,439
<i>Right of use</i>	59	8	154	125
<i>Investment properties</i>	108,320	114,594	119,608	121,950
<i>Intangibles</i>	13	2	8	37
<i>Other financial assets</i>	681	1,515	2,268	3,448
CURRENT ASSETS	14,848	23,068	18,388	17,606
<i>Assets held for sale</i>		5,110	5,219	5,222
<i>Inventories</i>	4,458	4,613	4,552	4,989
<i>Receivables</i>	1,174	1,137	678	950
<i>Tax assets</i>	676	1,617	2,059	1,844
<i>Cash and cash equivalents</i>	8,352	10,352	5,462	4,330
<i>Other current assets</i>	187	238	417	270
TOTAL ASSETS	132,427	147,665	148,788	151,605
EQUITY	100,452	102,764	106,692	104,804
<i>Capital</i>	25,497	25,497	25,497	25,497
<i>Group reserves</i>	74,565	76,864	80,783	78,892
<i>Minority interests</i>	390	402	412	416
NON-CURRENT LIABILITIES	20,574	25,792	28,231	29,427
<i>Deferred tax liabilities</i>	12,784	12,357	12,292	11,750
<i>Other non-current liabilities</i>	7,789	13,435	15,939	17,677
CURRENT LIABILITIES	11,401	19,110	14,020	17,373
<i>Current liabilities</i>	11,401	19,110	14,020	17,373
TOTAL LIABILITIES	132,427	147,665	148,942	151,605

CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(Unaudited)

000 EUR	30.06.2021	30.06.2022	30.06.2023
Cash and cash equivalents at the beginning of the year	6.979	5.933	5.463
Operating cash flow after tax	4.970	5.307	5.636
Changes in net working capital	1.077	8.895	2.674
Cash flow operating activities	6.047	14.202	8.310
Investments	-3.408	-10.039	-5.478
Divestments	26	0	0
Cash flow from investing activities	-3.382	-10.039	-5.478
Increase in Capital	2.099	0	0
Dividends	-4.633	-5.238	-5.762
Change in debt	1.242	5.494	1.798
Cash flow from financing activities	-1.292	256	-3.964
Net increase (decrease) in cash and cash equivalents	1.373	4.420	-1.132
Cash and cash equivalents at year's end	8.352	10.353	4.331
<i>of which Texaf s.a.</i>	<i>858</i>	<i>793</i>	<i>1.644</i>



Silikin Village Phase III construction site

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The full half-year report prepared in accordance with IAS 34 is available at www.texaf.be

- Group sales rose by 7.9%, driven by growth in both the career and real estate businesses.
- Operating expenses decreased in proportion with sales. They were positively impacted by a reduction of rental income tax (from 22% to 12%) and changes in inventory, which offset the increase in personnel costs and write-downs on VAT receivables following the depreciation of the Congolese franc. As a result, EBITDA rose by 12.5% to EUR 6,915 k and recurring operating income by 19.6% to EUR 4,885 k, benefiting from a leverage effect on depreciation and amortization, which remained stable compared with the previous period. Non-recurring items include legal costs relating to the fire in August 2020.



- The revaluation of the tax value of the buildings resulted in a reduction in the difference between the tax value in Congolese francs and the IFRS value in euros, leading to a reversal of the deferred tax provision of EUR 543 k. This provision is re-estimated each year at the 1^{er} half-year when the new tax value is known.
- Overall, net income Group share amounted to EUR 3,944 k, compared with EUR 4,913 k a year earlier (-19.7%). This negative variation is entirely explained by changes in provisions for deferred taxes, which last year led to a reversal of around 1.8 million EUR.
- The Group took advantage of good conditions on the Congolese banking market to conclude a local investment loan of 10 million USD at a 7% fixed rate over 6 years to finance the Promenade des Artistes and Silikin phase III projects.

EVENTS AFTER JUNE 30, 2023 AND OUTLOOK FOR THE 2^{ème} HALF-YEAR PERIOD

- In July 2023, **IMMOTEX** received a 3 million USD before tax compensation for the fire damages that occurred on August 7, 2020.
- The factors supporting the results for the 1st half-year should endure, so that the recurring operating income for the 2nd half-year should be at least at the same level as the 1st half-year. In addition, a non-recurring pre-tax income of 3 million USD will be recorded as a compensation for the 2020 fire damages, as well as a pre-tax capital gain of 2 million EUR on the disposal of the land for the construction of the data center. In addition, the reversal of deferred taxes in the 1st half-year will not be repeated in the 2nd half-year.

FINANCIAL CALENDAR

- Friday, November 10, 2023: Quarterly press release
- Tuesday, February 27, 2024: Publication of 2023 annual results
- Friday, April 12, 2024: Publication of the 2023 annual report
- Tuesday, May 14, 2024: Annual General Meeting

TEXAF (www.texaf.be), founded in 1925, is the only listed company with all its activities in the Democratic Republic of Congo. These are currently focused on real estate, careers and digital. This listing on the stock exchange and the resulting obligations of good governance and transparency are a major asset for the Group's development and the promotion of the formal sector in the Democratic Republic of Congo.

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