



INTERIM MANAGEMENT REPORT

9th September 2022

REGULATED INFORMATION

100% OCCUPANCY RATE IN REAL ESTATE AND STRONG INCREASE IN CARRIGRES SALES AND 6% INCREASE IN RECURRING OPERATING PROFIT, IMPACTED BY THE RISE OF THE DOLLAR

TEXAF's Board of Directors closed the company's consolidated accounts (in accordance with IFRS as adopted in the European Union) on 30 June 2022. These interim accounts have not been audited.

HIGHLIGHTS FOR THE FIRST HALF OF 2022

- The rise in copper and cobalt prices has led to a strong recovery in the GDP of the Democratic Republic of Congo (+6.2% in 2021 and 6.4% expected by the IMF in 2022), as well as an increase in foreign exchange reserves and stability of the Congolese franc against the US dollar. It has also led to a strong increase in the liquidity of Congolese banks, which the group has benefited from by concluding a new investment loan of EUR 8 million.
- On the other hand, the business climate continues to deteriorate with increasingly aggressive attempts by opportunists to loot land assets. As a result, the group has again had to increase its spending on securing assets.
- This did not prevent turnover from reaching a new high of EUR 13.1 million (+21%).
- The sandstone quarry, whose activity is cyclical, saw its turnover increase by 72% (compared to 2021, whose 1^{er} quarter had very low activity).
- In real estate, rents rose by 14%. They benefited from the full impact of the new buildings: the 33 flats in Bois Nobles Phase II and the 3,000 m² net of offices in Petit-Pont. The consequences of the Covid-19 crisis have faded, and the occupancy rate has returned to 100%.
- The group's two largest projects, Promenade des Artistes (94 flats) and Silikin Village Phase III (11,600 m² gross), are continuing but are impacted by cost increases.
- **SILIKIN VILLAGE**, which develops the group's digital activity, has positioned itself as a central player for the digital development of the DRC. Not only are official visits and events taking place there, but the premises are all rented, and it has obtained a grant from a programme financed by the World Bank for the construction and running of its Phase III, which should make it the largest hub in Africa.
- The agreement that had been announced with the WIOCC group (www.wiocc.net www.openaccessdc.com) for the construction and management in **SILIKIN VILLAGE** of the first carrier-neutral and international standard data centre in the DRC is being finalized.
- Operating costs are up sharply due to the rise in the dollar, increased staffing levels, depreciation on new buildings and further increases in security costs and taxes.
- In total, the recurring EBITDA increased by 9% to 6,148 k EUR, the recurrent operating result by 6% to 4,083 k EUR and the net result (group's share) by 58% to 4,913 k EUR

In thousands EUR	2018	2019	2020	2021	2022
Half-year recurring operating result	3,952	4,193	4,540	3,869	4,083
As % of turnover	40%	37%	39%	33%	29%

REAL ESTATE ACTIVITIES

The group is developing a real estate service activity in Kinshasa. It rents out, manages, and animates, through services to residents, its own residential and professional portfolio.

- Contribution of the real estate activity to the consolidated result:

REAL ESTATE (000 EUR)	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022
Revenue from ordinary activities	8,465	9,501	9,797	9,579	10,948
Recurring operating result	4,375	4,728	4,865	4,369	4,586
Operating result	5,754	4,728	4,865	4,324	4,561
Result before deferred taxes	3,946	3,518	3,607	3,219	3,267
Net result (Group's share)	8,601	4,327	3,047	3,112	4,991

- Rental income increased by 14% to EUR 10,948k. This evolution comes from the following elements:
 - The new projects of 2021, Petit-Pont (3,000 m² net office space) and Bois Nobles Phase II (33 apartments) were fully let for the entire half year, whereas they were only partially let in the first half of 2021. The offices damaged by the fire in August 2020 are also fully let again.
 - More generally, the occupancy rate for both offices and housing has returned to 100%, whereas this rate had fallen to 92.8% a year earlier due to the consequences of the COVID-19 crisis.
- The recurring operating result only increased by 5% to 4,586 k EUR. Indeed, operating expenses increased for the following reasons:
 - The exchange rate of the USD against the EUR has increased by 10% year on year, yet most expenditure is in dollars or adjusted to the dollar rate.
 - Security and legal costs have risen further to enable the group to defend its assets against plundering attempts. Both the Kinsuka land and the flood-prone, undevelopable areas of the Utxafrica compound have been subject to such attempts.
 - Property taxes have risen sharply and are 100% booked in the 1st half-year.
 - The group has strengthened its management team.
- The two construction projects Promenade des Artistes and Silikin Village Phase III are ongoing but have been impacted by cost increases, due to the rise in the dollar, building materials and freight, but also, for Silikin Village, to a fundamental re-evaluation of technical data. These are the Group's two largest investments in residential and office space, respectively. Promenade des Artistes is a 94-apartment development in a car-free area above ground and is expected to be available for rent by the end of 2023 at a cost of EUR 24 million. Silikin Village III is an 11,600 m² project of furnished offices, co-working spaces, shared meeting rooms and an auditorium in two adjacent buildings. The first building is expected to be delivered in June 2023. The total cost of the project is estimated today at EUR 16 million, including interior fittings and furniture, for an enlarged scope compared to the initial project.



Building site Promenade des Artistes

DIGITAL ACTIVITY

The digital activity includes, on the one hand, a EUR 1 million stake in the Partech Africa fund and, on the other hand, the operation of the **SILIKIN VILLAGE** in Kinshasa.

- Contribution of the digital activity

DIGITAL (EUR 000)	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022
Revenue from ordinary activities			0	20	25
Recurring operating result			-97	-84	-171
Operating result			-97	-84	-171
Result before deferred taxes			-97	-84	-171
Net result (Group's share)			-97	-84	-171

- **SILIKIN VILLAGE** is developing the hub of the digital economy in Kinshasa, which will bring together, on the same site, training, incubation and hosting activities for start-ups and international companies wishing to develop in the DRC. It will be developed around the **SILIKIN CAMPUS**, which was inaugurated in January 2020, and which is a place for teaching, seminars and conferences focused on digital and entrepreneurship. The attractiveness of the concept has led to the renovation in 2021 of 1,000 m² of offices and meeting rooms to accommodate start-ups and small structures that want to become part of the **SILIKIN VILLAGE**. As mentioned above, a third phase of 11,600 m² is under construction and should be available in June 2023 for the first half.
- However, the segment results for the digital business do not include the rental income of €169k generated by these buildings. They only include the share of event revenues.
- In June, it was announced that the **TEXAF** group was joining forces with the **WIOCC** group to build and operate the first carrier-neutral data centre in the DRC at **SILIKIN VILLAGE**. It will be carrier-neutral and open-access to maximise interconnection opportunities for all customers. It will be designed and operated according to international standards, such as Uptime Institute Tier III, ISO 9001 and PCI-DSS. **WIOCC** is a pan-African telecommunication infrastructure operator and a shareholder in the Equiano and 2Africa submarine cables that will connect the DRC to the global internet with unrivalled capacity (www.wiocc.net www.openaccessdc.com).
- In a very short time, **SILIKIN VILLAGE** has become the meeting point in Kinshasa for digital and entrepreneurial activities. Among the visitors of 2022, we are happy to count not only HM the King and Queen of Belgium with the Belgian and Congolese Prime Ministers, but also the American Secretary of State. A few days ago, **SILIKIN VILLAGE** signed an agreement with a government programme funded by the World Bank for a grant of USD 1.6 million.



Secretary of State Anthony Blinken at Silikin Village

QUARRYING ACTIVITY

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

- Contribution of the quarrying activity to the consolidated result:

CARRIGRES (EUR 000)	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022
Revenue from ordinary activities	826	1,003	1,186	1,280	2,196
Recurring operating result	45	-109	244	68	247
Operating result	45	-109	244	68	247
Result before deferred taxes	202	36	362	164	264
Net profit (Group's share)	-124	67	373	218	335

- The quarry's turnover increased by 72% compared to the first half of 2021. As a reminder, the 1^{er} quarter of 2021 had seen a sharp drop in production due to the delayed delivery of a spare part. In volume, sales increased by 49% to 174,000 tonnes and the average price in EUR increased by 16%. This good sales performance and upward price trend continue to this day.
- The operating result increased to 247 k EUR (vs 68 k EUR in the first half of 2021). This result is negatively impacted by a decrease in sandstone inventories of EUR 198k and by an increase in depreciation to EUR 154k. These are two non-cash items.
- Given **CARRIGRES'** significant cash position, net income, which includes financial income, stands at EUR 335k (vs. EUR 218k).

HOLDING

- Contribution of the holding activity to the consolidated result:

HOLDING (EUR 000)	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022
Revenue from ordinary activities	0	0	0	0	0
Recurring operating result	-468	-426	-472	-484	-579
Operating result	-468	-357	-472	-484	-579
Result before deferred taxes	-186	-129	-249	-220	-329
Net result (Group's share)	-1.036	-240	-169	-137	-242

- Expenses totalled EUR 579k, up due to the integration of an additional person.
- The net result amounts to -242 k EUR (vs -137 k EUR). It includes interest income.

CONSOLIDATED RESULTS FOR THE TEXAF GROUP (in EUR thousands)

(Not audited)

EUR 000	30.06.2020	30.06.2021	30.06.2022	
Revenue from ordinary activities	10,959	10,854	13,121	
Other recurring operating income	646	932	859	
Recurring operating expenses	<u>-5,325</u>	<u>-6,153</u>	<u>-7,831</u>	
Recurring EBITDA ⁽¹⁾	6,280	5,633	6,148	
	y-1	8%	-10%	9%
Amortisation and Depreciation	<u>-1,740</u>	<u>-1,765</u>	<u>-2,066</u>	
Recurring operating result (EBIT) ⁽¹⁾	4,540	3,869	4,083	
	y-1	8%	-15%	6%
Non-recurring operating items	<u>0</u>	<u>-45</u>	<u>-25</u>	
Operating result (EBIT) ⁽¹⁾	4,540	3,823	4,058	
	y-1	7%	-16%	6%
Financial income and expenses	<u>-25</u>	<u>-20</u>	<u>-60</u>	
Result before tax (for continuing operations)	4,515	3,803	3,997	
	y-1	11%	-16%	5%
Current taxes	<u>-892</u>	<u>-724</u>	<u>-966</u>	
Result before deferred taxes	3,622	3,079	3,032	
Deferred taxes	<u>-462</u>	<u>37</u>	<u>1,892</u>	
Net result after tax	3,160	3,115	4,924	
Consolidated net result (Group's share)	3,154	3,109	4,913	
	y-1	-24%	-1%	58%
Per share				
<i>Recurring operating result (in EUR)</i>	1.260	1.055	1.114	
<i>Operating result in EUR</i>	1.260	1.043	1.107	
<i>Consolidated net result (Group's share) in EUR</i>	0.875	0.848	1.340	
<i>Number of shares in circulation</i>	3,603,539	3,666,556	3,666,556	

(1) EBITDA: EBIT to which are added depreciation and amortisation but not changes in provisions and write-downs and write-backs on current assets. EBIT: Net profit plus current and deferred income taxes and financial income and expenses, including exchange rate variations. Non-recurring items: Income or expenses that are not expected to recur in each accounting period such as: gain or loss on disposal of fixed assets, reduction, or reversal of impairment on fixed assets, costs related to a major restructuring, takeover or disposal of a business (e.g., redundancy costs, closure of a 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)

(Not audited)

	30.06.2020	30.06.2021	30.06.2022
Result for the financial year	3,160	3,115	4,924
Spread variations in foreign currencies	6		
Actuarial income and expenses related to post-employment obligations (net of taxes)	-76	34	115
Comprehensive income	3,090	3,149	5,039
Allocated to			
TEXAF shareholders	3,084	3,142	5,027
To minority interests	6	7	12

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(Not audited)

EUR 000	30.06.2020	30.06.2021	31.12.2021	30.06.2022
NON-CURRENT ASSETS	116,459	117,579	116,579	124,597
<i>Property, plant, and equipment</i>	9,588	8,505	8,631	8,479
<i>Right of use</i>	109	59	33	8
<i>Investment properties</i>	106,377	108,320	106,605	114,594
<i>Intangibles</i>	5	13	2	2
<i>Other financial assets</i>	380	681	1,307	1,515
CURRENT ASSETS	14,662	14,848	18,583	23,068
<i>Assets held for sale</i>			5,207	5,110
<i>Inventories</i>	4,951	4,458	4,622	4,613
<i>Receivables</i>	1,230	1,174	952	1,137
<i>Tax assets</i>	689	676	1,602	1,617
<i>Cash and cash equivalents</i>	7,585	8,352	5,933	10,352
<i>Other current assets</i>	208	187	267	238
TOTAL ASSETS	131,120	132,427	135,162	147,665
EQUITY	98,395	100,452	104,280	102,764
<i>Capital</i>	23,398	25,497	25,497	25,497
<i>Group's reserves</i>	74,617	74,565	78,387	76,864
<i>Minority interests</i>	380	390	397	402
NON-CURRENT LIABILITIES	19,585	20,574	20,413	25,792
<i>Deferred tax liabilities</i>	13,234	12,784	12,882	12,357
<i>Other non-current liabilities</i>	6,351	7,789	7,530	13,435
CURRENT LIABILITIES	13,140	11,401	10,469	19,110
<i>Current liabilities</i>	13,140	11,401	10,469	19,110
TOTAL LIABILITIES	131,120	132,427	135,162	147,665

CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(Not audited)

EUR 000	30.06.2020	30.06.2021	30.06.2022
Cash and cash equivalents at the beginning of the year	8,767	6,979	5,933
Operating cash flow after tax	5,350	4,970	5,307
Changes in net working capital	-54	1,077	8,895
Cash flow from operating activities	5,296	6,047	14,202
Investments	-2,948	-3,408	-10,039
Divestments	2	26	0
Cash flow from investment activities	-2,946	-3,382	-10,039
Increase in capital	1,890	2,099	0
Dividends	-4,101	-4,633	-5,238
Change in debt	-1,321	1,242	5,494
Cash flow from financing activities	-3,532	-1,292	256
Net increase (decrease) in cash and cash equivalents	-1,182	1,373	4,420
Cash and cash equivalents at year's end	7,585	8,352	10,353
<i>of which Texaf s.a.</i>	<i>1,563</i>	<i>858</i>	<i>793</i>



Construction site Silikin Village Phase III

COMMENTS ON CONSOLIDATED ACCOUNTS

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

- The group's turnover increased by 21%, driven by both the quarry and the real estate business. Recurring operating expenses rose sharply. They are impacted by the 10% rise in the dollar between the first half of 2021 and the first half of 2022, by the increase in management staff and by further increases in security costs and taxes. As a result, EBITDA increased by 9% to 6,148 k EUR and the recurring operating result by 6% to 4,083 k EUR. The non-recurring items are legal costs related to the fire in August 2020.
- The Congolese franc has remained stable against the dollar and has therefore increased against the euro. This has an impact on the valuation of the provision for deferred taxes. Indeed, the major part of this provision covers the possible future tax on the unrealised tax gain on the real estate in the DRC. The decrease in the



difference between the tax value in Congolese francs and the IFRS value in euros leads to a reversal of the provision of around EUR 1.8 million. This provision is re-estimated each year in the first half-year when the new tax value is known.

- In total, the net result (group's share) amounts to 4,913 k EUR against 3,109 k EUR one year earlier (+58%).
- Rising commodity prices and the new Congolese mining code have led to a sharp increase in the liquidity of banks in the DRC. This has allowed the group to contract an eight million local investment loan to finance the Promenade des Artistes project on significantly more favourable terms than its previous loans.

EVENTS TAKING PLACE AFTER 30 JUNE 2022 AND OUTLOOK FOR 2022

- On 30 August 2022, **SILIKIN VILLAGE** signed an agreement with the Programme d'Appui au Développement des Micro, Petites et Moyennes Entreprises ("PADMPME"), a Congolese government programme financed by the World Bank. This agreement makes it possible to establish the first SME hosting centre, called "Kazi", of this program. **SILIKIN VILLAGE** will benefit from an investment grant of USD 1.2 million and a grant of USD 0.4 million to provide support services to SMEs.
- Recurring operating income for the second half of the year is expected to be higher than for the first half of the year, mainly because some costs, in particular taxes, are only incurred in the first half of the year. Similarly, the reversal of deferred taxes in the 1^{er} half-year will not be repeated in the 2^{ème} half-year.

FINANCIAL CALENDAR

- Friday 11 November 2022: Quarterly release
- Friday 24 February 2023: Publication of annual results 2022
- Friday 7 April 2023: Publication of the 2022 annual report
- Tuesday 9 May 2023: General Assembly

TEXAF (www.texaf.be), established in 1925, is the only listed company with all its activities in the Democratic Republic of Congo. Currently, these are concentrated on real estate and quarrying. More recently, **TEXAF** has decided to develop a new branch of activity in the digital field. **TEXAF** aims to become a major player in this sector. This listing on the stock exchange and the resulting obligations of good governance and transparency constitute a major asset for the group's development and for the promotion of the formal sector in the Democratic Republic of Congo.

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