

REGULATED INFORMATION

**RECURRING OPERATING RESULT INCREASES BY 8%
AND LAUNCH OF DIGITAL ACTIVITIES**

TEXAF's Board of Directors closed the company's consolidated accounts (in accordance with IFRS as adopted in the European Union) on June 30th 2020. These interim accounts have not been audited.

HIGHLIGHTS FOR THE FIRST HALF OF 2020

- ◇ The COVID-19 health crisis has, to date, had less impact on the Democratic Republic of Congo than on European countries.
- ◇ In this context, the group's results in the 1st six months have held up well. However, a certain amount of rental vacancies could affect the 2nd half of the year.
- ◇ The deterioration in the business environment and the safety of property continues to be a major concern in the DRC. The CEO had the opportunity to apprise the President of the Republic in person of these serious issues for the country's economy.
- ◇ The new **DIGITAL ACTIVITY** platform was launched with the opening in early 2020 of the **TEXAF DIGITAL CAMPUS**, a space in Kinshasa which hosts digital businesses and students in that field and, in particular, the KINSHASA DIGITAL ACADEMY and the communications for the COVID-19 Response Unit.
- ◇ The rents for the **REAL ESTATE ACTIVITY** and its recurring operating result increased by 3% to EUR 9,797 k and by 3% to EUR 4,865 k respectively.
- ◇ Sales from **QUARRYING ACTIVITY (CARRIGRES)** increased by 18% to EUR 1,186 k and the recurring operating result returned to profit at EUR 244 k (vs. - EUR 109 k over the same period in 2019).
- ◇ These developments have combined to generate an 8% increase in the recurring operating result to EUR 4,540 k.
- ◇ The Group's share of the net result reached EUR 3,154 K (vs EUR 4,154 k in the first half of 2019). The decline is wholly due to an allocation to deferred taxes, whereas these provisions were the subject of a reversal a year earlier.
- ◇ For the first time, an optional dividend was offered to each shareholder. Shareholders opted to reinvest 66% of their shares in a capital increase.

EUR 000	2016	2017	2018	2019	2020
Recurring operating result	3,451	3,597	3,952	4,193	4,540
As % of turnover	34%	36%	40%	37%	39%

REAL ESTATE ACTIVITIES

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

REAL ESTATE (EUR 000)	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020
Revenue from ordinary activities	7,480	8,166	8,465	9,501	9,797
Recurring operating result	3,710	4,525	4,375	4,728	4,865
Operating result	3,569	4,525	5,754	4,728	4,865
Result before deferred taxes	2,667	3,229	3,946	3,518	3,607
Net result (Group's share)	2,649	3,070	8,601	4,327	3,047

- ◇ The group is developing building leasing activities in Kinshasa: residential housing, industrial buildings and offices.
- ◇ Rents grew by 3% to EUR 9,797 k. Half of this increase is due to the leasing of six new villas in the "Bois Nobles" project since May 2019.
- ◇ The recurring operating result also increased by 3% to EUR 4,865 k and, in the absence of disposal, the operating result is identical to the recurring operating result.
- ◇ The result before deferred taxes was EUR 3,607 k (+3%).
- ◇ The net result was EUR 3,048 k vs EUR 4,237 k, as the 1st half of 2019 saw a reduction in deferred taxes thanks to an annual general regulatory revaluation of the tax values of assets in Congolese francs being taken into account. This effect has not been repeated in 2020.
- ◇ The ongoing construction projects of Bois Nobles II (33 apartments) and Petit-Pont (3,000 m² net of offices) had to be suspended in April, May and June as a result of the lockdown imposed by the authorities in response to the threat of COVID-19. The expected delivery of Bois Nobles II has therefore been put back to April 2021. The Petit-Pont office building, which is partly leased to Brussels Airlines and will be the city's first eco-responsible building incorporating, among other things, solar panels, will be available in November 2020.

DIGITAL ACTIVITY

◇ Contribution of digital activity

DIGITAL (EUR 000)	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020
Revenue from ordinary activities					0
Recurring operating result					-97
Operating result					-97
Result before deferred taxes					-97
Net result (Group's share)					-97

- ◇ Digital activity consists of a EUR 1 M stake in the Partech Africa fund and the operation of a digital campus in Kinshasa. The latter has notably been involved in the fight against COVID-19.
- ◇ The **TEXAF DIGITAL CAMPUS** opened at the end of January. This is primarily a co-working and training centre, located in a magnificent 700 m² Modernist building at the main intersection in Kinshasa. The building has been completely renovated to transform it into a space specifically designed for entrepreneurs and trainees of the digital economy. It publicly highlights TEXAF's commitment to this new area of activity and purports to serve as the focal point in Kinshasa for both local business owners and international groups wishing to set up in the Democratic Republic of the Congo.
- ◇ This campus immediately welcomed KINSHASA DIGITAL ACADEMY, which offers an intensive seven-month course in web and mobile development or in digital consultancy to 40 learners (80 from the second session), selected from over 1,000 applicants. Each learner (40% of whom are women) receives a scholarship worth USD 5,500, funded by Congolese companies and organisations with the aim of recruiting graduates at the end of the course. This initiative was made possible, in particular, by a donation from the German cooperation agency GiZ, and by sponsorship from Facebook and Orange. Unfortunately, the COVID-19 crisis forced the suspension of courses from mid-March.



The first class of trainees of the Kinshasa Digital Academy during a visit by Ms Aida Ndiaye, Facebook Public Policy Lead Francophone Africa

- ◇ The **TEXAF DIGITAL CAMPUS** and KINSHASA DIGITAL ACADEMY provided immediate concrete support to the Technical Secretariat of the COVID-19 Response, by, firstly, hosting MIN SANTE FM, the radio and television station dedicated to the fight against the coronavirus, then by creating a website www.stopcoronavirus.cd, a

dedicated Facebook page and a survey platform and, finally, by proposing innovative digital solutions to the Congolese authorities for monitoring the pandemic, the effectiveness of health measures and public awareness.

- ◇ Furthermore, a partnership, supported by the King Baudouin Foundation, with OVATION, an incubator resource centre, will help train coaches and facilitators for Kinshasa incubators. In addition, the **TEXAF DIGITAL CAMPUS** is working with ENABEL, the Belgian development agency, to digitise projects in the fields of health and education.

QUARRYING ACTIVITY

- ◇ Contribution of the quarrying activity to the consolidated result:

CARRIGRES (EUR 000)	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020
Revenue from ordinary activities	1,785	960	826	1,003	1,186
Recurring operating result	212	-458	45	-109	244
Operating result	195	-3,875	45	-109	244
Result before deferred taxes	233	-3,712	202	36	362
Net result (Group's share)	250	-2,538	-124	67	373

- ◇ **CARRIGRES** operates a crushed sandstone quarry located 10 km from the centre of Kinshasa.
- ◇ Turnover increased by 18% to EUR 1,186 k. In terms of volume, sales increased by 10%, i.e. 100,026 tonnes, and the product mix led to a slightly higher average price. Sales were relatively unaffected by the COVID-19 crisis because the quarry is located outside the business centre of Kinshasa, which is the only district to have been placed in lockdown.
- ◇ The operating result was positive again at EUR 244 k (vs a loss of EUR 109 k in the 1st half of 2019).
- ◇ The net result, which includes financial income, was EUR 373 k (vs EUR 67 k).

HOLDING COMPANY

- ◇ Contribution of the holding activity to the consolidated result:

HOLDING COMPANY (EUR 000)	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020
Revenue from ordinary activities	5	0	0	0	0
Recurring operating result	-471	-470	-468	-426	-470
Operating result	-471	-470	-468	-357	-470
Result before deferred taxes	-291	-308	-186	-129	-248
Net result (Group's share)	-188	-206	-1,036	-240	-168

- ◇ Expenses totalled EUR 470 k, up slightly compared with last year.
- ◇ The net result was EUR -168 k (vs EUR -240 k). It includes financial income.

CONSOLIDATED RESULTS FOR TEXAF GROUP (in EUR thousands)

(not audited)

EUR 000	30/06/2018	30/06/2019	30/06/2020
Revenue from ordinary activities	9,290	10,504	10,959
Other recurring operating income	689	758	646
Recurring operating expenses	<u>-4,681</u>	<u>-5,422</u>	<u>-5,325</u>
Recurring EBITDA ⁽¹⁾	5,298	5,839	6,280
	y-1	6%	10%
Depreciation	<u>-1,346</u>	<u>-1,646</u>	<u>-1,740</u>
Recurring operating result (EBIT) ⁽¹⁾	3,952	4,193	4,540
	y-1	10%	6%
Non-recurring operating items	<u>1,378</u>	<u>68</u>	<u>0</u>
Operating result (EBIT) ⁽¹⁾	5,331	4,261	4,540
	y-1	2,861%	-20%
Financial income and expenses	<u>-205</u>	<u>-196</u>	<u>-25</u>
Result before tax (for continuing operations)	5,126	4,065	4,515
	y-1	-966%	-21%
Current taxes	<u>-1,164</u>	<u>-640</u>	<u>-892</u>
Result before deferred taxes	3,962	3,425	3,622
Deferred taxes	<u>3,492</u>	<u>738</u>	<u>-462</u>
Net result after tax	7,454	4,163	3,160
Consolidated net result (Group's share)	7,441	4,154	3,154
	y-1	2,183%	-44%
Per share			
<i>Recurring operating result (in EUR)</i>	<i>1,115</i>	<i>1,183</i>	<i>1,260</i>
<i>Operating result in EUR</i>	<i>1,504</i>	<i>1,202</i>	<i>1,260</i>
<i>Consolidated net result (Group's share) in EUR</i>	<i>2,100</i>	<i>1,172</i>	<i>0,876</i>
<i>Number of outstanding shares</i>	<i>3,543,700</i>	<i>3,543,700</i>	<i>3,603,539</i>

(1) EBITDA: EBIT to which depreciation is added but not variations in provisions and write-downs and reversals of write-downs on current assets. EBIT: Net result to which are added current and deferred taxes on the result and financial expenses and income, including changes in exchange rates. Non-recurring items: income or expenses that are not expected to be repeated in each accounting year, such as gain or loss on disposals of non-current assets, write-down or reversal of write-down on non-current assets, costs relating to major restructuring, purchase or disposal of a business (e.g. redundancy or plant closure costs, commissions paid to third parties to acquire or dispose of an activity, etc.).

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME (in EUR thousands)

(not audited)

	30/06/2018	30/06/2019	30/06/2020
Result for the financial year	7,454	4,163	3,160
Spread variations in foreign currencies	-	-	6
Actuarial income and expenses related to post-employment obligations (net of taxes)		-2	-76
Variations (after tax) in revaluation reserves		-28	-
Comprehensive income	7,454	4,133	3,090
Allocated to:			
TEXAF shareholders	7,441	4,124	3,285
To minority interests	12	9	-195

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(not audited)

EUR 000	30/06/2018	30/06/2019	30/06/2020
NON-CURRENT ASSETS	110,081	112,341	116,459
<i>Property, plant and equipment</i>	9,962	9,974	9,588
<i>Right of use</i>		159	109
<i>Investment properties</i>	100,053	102,027	106,377
<i>Intangibles</i>	19	13	5
<i>Other financial assets</i>	47	168	380
CURRENT ASSETS	12,429	13,128	14,662
<i>Inventories</i>	4,846	4,913	4,951
<i>Receivables</i>	2,626	1,015	1,230
<i>Tax assets</i>	902	434	689
<i>Cash and cash equivalents</i>	3,819	6,567	7,585
<i>Other current assets</i>	236	200	208
TOTAL ASSETS	122,510	125,469	131,120
EQUITY	84,735	90,904	98,395
<i>Capital</i>	21,508	21,508	23,398
<i>Group's reserves</i>	62,894	69,043	74,617
<i>Minority interests</i>	333	353	380
NON-CURRENT LIABILITIES	26,619	21,410	19,585
<i>Deferred tax liabilities</i>	16,318	13,250	13,234
<i>Other non-current liabilities</i>	10,300	8,160	6,351
CURRENT LIABILITIES	11,156	13,155	13,140
<i>Current liabilities</i>	11,156	13,155	13,140
TOTAL LIABILITIES	122,510	125,469	131,120

CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(not audited)

EUR 000	30/06/2018	30/06/2019	30/06/2020
Cash and cash equivalents at the beginning of the year	3,674	5,564	8,767
Operating cash flow after tax	3,993	5,076	5,350
Changes in net working capital	2,062	2,336	-54
Cash flows from operating activities	6,055	7,412	5,296
Investments	-2,350	-1,786	-2,948
Divestments	555	279	2
Cash flows from investment activities	-1,795	-1,507	-2,946
Increase in capital			1,890
Dividends	-2,886	-3,442	-4,101
Change in debt	-1,229	-1,460	-1,321
Cash flows from financing activities	-4,115	-4,902	-3,532
Net increase (decrease) of cash and cash equivalents	145	1,003	-1,182
Cash and cash equivalents at year's end	3,819	6,567	7,585
<i>of which Texaf s.a.</i>	<i>280</i>	<i>997</i>	<i>1,563</i>

Comments on the consolidated accounts

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

- ◇ The group's turnover increased by 4% thanks to the new rented housing units in Bois Nobles and the additional tonnage sold by **CARRIGRES**. Recurring operating expenses fell by 2% such that the recurring operating result increased by 8% to EUR 4,540 k. There were no non-recurring items.
- ◇ Net financial expenses decreased to EUR 25 k (vs EUR 190 k), thanks to the reduction in debt and the transfer of exchange differences in operating expenses (for EUR -27 k). Consequently, the operating result before tax grew by 11% to EUR 4,515 k.
- ◇ Tax expenses for the 1st half of 2019 included a positive regulatory re-valuation of deferred taxes of EUR 738 k; this year, this effect was reversed and a net deferred tax charge of EUR -462 k was recorded.
- ◇ In total, the net result (Group's share) was EUR 3,155 k, compared to EUR 4,154 k one year before.
- ◇ For the first time, **TEXAF** had given its shareholders the option of taking their 2019 dividend in cash or of contributing it as a capital increase ("optional dividend"). 66% of the net dividends were contributed to the amount of EUR 1,890 k, bringing the capital to EUR 23,398 k and the number of shares to 3,603,536 (+1.7%).

EVENTS TAKING PLACE AFTER 30 JUNE 2020 AND OUTLOOK FOR 2020

- ◇ On August 8, a fire destroyed a warehouse leased to an international organization and severely damaged nearby offices. Fortunately, no casualties were reported. These buildings generated EUR 650 k in annual rents. The group has taken steps to obtain compensation.
- ◇ For the second half of the year, the result for **CARRIGRES** should be of the same order of magnitude as for the first half of the year. For **real estate activity**, the closure of the DRC's borders until 15 August, the general restrictions on international travel and the fire mentioned above are likely to lead to rental vacancies that could affect 5% of potential rents, i.e. a possible reduction in revenues of around EUR 500 k.

IMPACT OF THE COVID-19 CRISIS

- ◇ The DRC was proportionally less affected by the pandemic than European countries. The group immediately took health measures to protect its employees and its tenants and did not suffer any deaths.
- ◇ From 23 March to 15 August, the borders of the DRC were closed to passengers and, during the months of April to June, the business district where the group is located was placed in lockdown. While these measures had a significant impact on operational functioning, they had almost none on the result for the 1st half of the year.
- ◇ The construction sites were suspended during the lockdown. This improved the liquidity position which increased from EUR 4,123 k at the end of December 2019 to EUR 4,616 k on 30 June 2020. However, due to late delivery, the increase in rents in 2021 will be EUR 300 K lower than predicted.
- ◇ As indicated above, the travel restrictions could lead to a certain amount of rental vacancies in the 2nd half of 2020.

FINANCIAL CALENDAR

- ✚ Friday 13 November 2020: Quarterly press release
- ✚ Thursday 26 February 2021: Publication of 2020 annual results
- ✚ Friday 9 April 2021: Publication of 2020 annual report
- ✚ Tuesday 11 May 2021: General Meeting

TEXAF, established in 1925, is the only listed company with all its activities in the Democratic Republic of Congo. Currently, these are concentrated on property, quarries and the digital domain. This listing on the stock exchange and the resulting obligations in terms of good governance and transparency constitute a major asset of the Group for its development and for the promotion of the formal sector in the Democratic Republic of Congo.

Contact: Jean-Philippe Waterschoot, CEO: +32 476 25 26 26 - +243 81 891 0525
 Christophe Evers, CFO: +32 495 24 32 60
 Philippe Croonenberghs, Chairman: +32 495 24 32 64