

**REGULATED INFORMATION**

**TEXAF LAUNCHES ITS LARGEST RESIDENTIAL PROJECT DESPITE A FALL IN ITS RECURRING OPERATING RESULT IN THE FIRST HALF OF THE YEAR**

TEXAF's Board of Directors closed the company's consolidated accounts (in accordance with IFRS as adopted in the European Union) on 30 June 2021. These interim accounts have not been audited.

**HIGHLIGHTS FOR THE FIRST HALF OF 2021**

- ◇ The group has decided to implement its largest real estate project to date. Called Promenade des Artistes, it will include 94 apartments for an investment of EUR 18 M and will be delivered in the 2<sup>nd</sup> half of 2023. Once leased out, this project should generate approximately EUR 3 M/year in rental income, i.e. an increase in rental income of 15%.
- ◇ Results for the 1<sup>st</sup> half of the year were negatively impacted by a temporarily higher than usual vacancy rate, a consequence of restrictions related to the COVID-19 crisis, and by a production accident at the start of the year at **CARRIGRES**.
- ◇ Rents for the **REAL ESTATE ACTIVITY** and its recurring operating result fell by 2% to EUR 9,579 k and by 10% to EUR 4,369 k respectively.
- ◇ Despite a technical incident at the start of the year, sales for the **QUARRYING ACTIVITY (CARRIGRES)** rose by 8% to EUR 1,280 k, but the recurring operating result fell to EUR 68 k (vs. EUR 244 k over the same period in 2020).
- ◇ The **DIGITAL ACTIVITY** division, called **SILIKIN VILLAGE**, is ramping up and has launched an expansion into offices for players in the digital economy.
- ◇ These developments combined to generate a 15% decrease in the recurring operating result to EUR 3,869 k.
- ◇ The net result (Group's share) came to EUR 3,109 k (compared with EUR 3,154 k in the first half of 2020), i.e. a fall of 1%.
- ◇ An optional dividend was offered to each shareholder. Shareholders opted for reinvesting 65% of their net dividend in a capital increase.
- ◇ **UTEXAFRICA**, a Congolese subsidiary, obtained an investment loan from a Belgian bank with external political risk coverage.

In thousands of EUR	2017	2018	2019	2020	2021
Half-year recurring operating result	3,597	3,952	4,193	4,540	3,869
As% of turnover	36%	40%	37%	39%	33%

## REAL ESTATE ACTIVITIES

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

REAL ESTATE (EUR 000)	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Revenue from ordinary activities	8,166	8,465	9,501	9,797	9,579
Recurring operating result	4,525	4,375	4,728	4,865	4,369
Operating result	4,525	5,754	4,728	4,865	4,324
Result before deferred taxes	3,229	3,946	3,518	3,607	3,219
Net result (Group's share)	3,070	8,601	4,327	3,047	3,112

- ◇ The group is developing property leasing activities in Kinshasa: residential housing, industrial buildings and offices.
- ◇ Rents fell by 2% to EUR 9,579 k. This decrease was due to the following factors:
- Following the fire on 8 August 2020, buildings that generated EUR 325 k in rent per half-year could not be rented anymore. Half of them, offices attached to the warehouse that was completely destroyed, have been rebuilt and will be available again in the 2<sup>nd</sup> half of 2021.
  - Petit-Pont, the new office building (3,000 m<sup>2</sup> net), was gradually leased over the course of the half-year. It will be 100% occupied from 15 September 2021. The three new apartment buildings in the Bois Nobles Phase II project (33 apartments) were successively delivered in May, June and August. Together, these two projects generated EUR 300 k in rents in the 1<sup>st</sup> half of 2021.
  - Travel restrictions and general uncertainty linked to the COVID-19 crisis have slowed the arrival of new residential tenants and the occupancy rate, which averaged 98.2% over the first six months of 2020, fell to 92.8% in the 1<sup>st</sup> half of 2021. Nevertheless, this rate has gradually recovered since the beginning of the year and, with the new housing units, the total number of tenants continues to increase. To date, 320 out of 333 housing units have been rented.
- ◇ The recurring operating result declined by 10% to EUR 4,369 k. Maintenance and upkeep costs, which could not be incurred during the 2020 lockdown, were deferred until 2021. In addition, the legal costs of protecting assets have been particularly high against a backdrop of a deterioration in the business environment and the safety of property, which has already been mentioned in previous press releases.
- ◇ At EUR 4,324 k, the operating result was slightly lower than the recurring operating result due to additional costs related to the August 2020 fire.
- ◇ The result before deferred taxes was EUR 3,219 k (-11%).
- ◇ The net result amounted to EUR 3,112 k vs EUR 3,047 k (+2%), in the absence of any significant change in deferred taxes.

## DIGITAL ACTIVITY

- ◇ Contribution of digital activity

DIGITAL (EUR 000)	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Revenue from ordinary activities				0	20
Recurring operating result				-97	-84
Operating result				-97	-84
Result before deferred taxes				-97	-84
Net result (Group's share)				-97	-84

- ◇ Digital activity consists of a EUR 1 M stake in the Partech Africa fund and the operation of the **SILIKIN VILLAGE** in Kinshasa.
- ◇ **SILIKIN VILLAGE** is developing the digital economy hub in Kinshasa which will bring together on a single site training, incubation and hosting of start-ups as well as international companies looking to develop in the DRC. It is centred around the **SILIKIN CAMPUS**, opened in January 2020, which is a venue for teaching, seminars and conferences focused on digital technology and entrepreneurship. It is home, among other things, to the KINSHASA DIGITAL ACADEMY, which offers intensive training in web and mobile development to 40 young Congolese per session.
- ◇ In the 1<sup>st</sup> half of the year, a partnership, supported by the King Baudouin Foundation, with OVATION, an incubator resource centre, helped to train coaches and facilitators for Kinshasa incubators. In addition, **SILIKIN VILLAGE** is working on digitisation projects in the fields of health and education.
- ◇ The popularity of the concept has led to the renovation of a first phase of 1,000 m<sup>2</sup> of office and meeting spaces to accommodate start-ups and small organisations that want to be part of **SILIKIN VILLAGE**. These spaces will be available in the second half of 2021.

## QUARRYING ACTIVITY

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

CARRIGRES (EUR 000)	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Revenue from ordinary activities	960	826	1,003	1,186	1,280
Recurring operating result	-458	45	-109	244	68
Operating result	-3,875	45	-109	244	68
Result before deferred taxes	-3,712	202	36	362	164
Net result (Group's share)	-2,538	-124	67	373	218

- ◇ **CARRIGRES** operates a crushed sandstone quarry located 10 km from the centre of Kinshasa.
- ◇ There was a big difference in activity between Q1 and Q2. Due to the difficulty in obtaining a spare part, business was almost at a standstill in Q1 with turnover of EUR 430 K while that for Q2 recovered to EUR 850 k. In total, it amounted to EUR 1,280 k over the half-year (+8%) and 117,000 tonnes (+17%). Due to the most sought-after products not being produced in the 1<sup>st</sup> quarter, the product mix and the average price deteriorated.
- ◇ The operating result fell to EUR 68 k (vs EUR 244 k in the 1<sup>st</sup> half of 2020), due to destocking, which led to a negative change in inventories being taken into account. This change in inventories was a non-cash item.

- ◇ Given the significant cash position of **CARRIGRES**, the net result, which includes financial income, amounted to EUR 218 k (vs EUR 373 k).

## HOLDING COMPANY

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

HOLDING COMPANY (EUR 000)	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021
Revenue from ordinary activities	0	0	0	0	0
Recurring operating result	-470	-468	-426	-472	-484
Operating result	-470	-468	-357	-472	-484
Result before deferred taxes	-308	-186	-129	-249	-220
Net result (Group's share)	-206	-1,036	-240	-169	-137

- ◇ Expenses totalled EUR 484 k, up slightly compared with last year.
- ◇ The net result was EUR -137 k (compared with EUR -169 k). It includes income from interest.



*Bois Nobles courtyard*

**CONSOLIDATED RESULTS FOR TEXAF GROUP (in EUR thousands)**

(not audited)

EUR 000	30/06/2019	30/06/2020	30/06/2021
Revenue from ordinary activities	10,504	10,959	10,854
Other recurring operating income	758	646	932
Recurring operating expenses	<u>-5,422</u>	<u>-5,325</u>	<u>-6,153</u>
<b>Recurring EBITDA <sup>(1)</sup></b>	<b>5,839</b>	<b>6,280</b>	<b>5,633</b>
	y-1	10%	8%
			-10%
Amortisation and depreciation	<u>-1,646</u>	<u>-1,740</u>	<u>-1,765</u>
<b>Recurring operating result (EBIT) <sup>(1)</sup></b>	<b>4,193</b>	<b>4,540</b>	<b>3,869</b>
	y-1	6%	8%
			-15%
Non-recurring operating items	<u>68</u>	<u>0</u>	<u>-45</u>
<b>Operating result (EBIT) <sup>(1)</sup></b>	<b>4,261</b>	<b>4,540</b>	<b>3,823</b>
	y-1	-20%	7%
			-16%
Financial income and expenses	<u>-196</u>	<u>-25</u>	<u>-20</u>
<b>Result before tax (for continuing operations)</b>	<b>4,065</b>	<b>4,515</b>	<b>3,803</b>
	y-1	-21%	11%
			-16%
Current taxes	<u>-640</u>	<u>-892</u>	<u>-724</u>
<b>Result before deferred taxes</b>	<b>3,425</b>	<b>3,622</b>	<b>3,079</b>
Deferred taxes	<u>738</u>	<u>-462</u>	<u>37</u>
<b>Net result after tax</b>	<b>4,163</b>	<b>3,160</b>	<b>3,115</b>
<b>Consolidated net result (Group's share)</b>	<b>4,154</b>	<b>3,154</b>	<b>3,109</b>
	y-1	-44%	-24%
			-1%
<b>Per share</b>			
<i>Recurring operating result (in EUR)</i>	<i>1.183</i>	<i>1.260</i>	<i>1.055</i>
<i>Operating result in EUR</i>	<i>1.202</i>	<i>1.260</i>	<i>1.043</i>
<i>Consolidated net result (Group's share) in EUR</i>	<i>1.172</i>	<i>0.875</i>	<i>0.848</i>
<i>Number of shares in circulation</i>	<i>3,543,700</i>	<i>3,603,539</i>	<i>3,666,556</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)

	30/06/2019	30/06/2020	30/06/2021
Result for the financial year	4,163	3,160	3,115
Spread variations in foreign currencies	-	6	
Actuarial income and expenses related to post-employment obligations (net of taxes)	-2	-76	34
Variations (after tax) in revaluation reserves	-28	-	-
<b>Comprehensive income</b>	<b>4,133</b>	<b>3,090</b>	<b>3,149</b>
<b>Allocated to:</b>			
<b>TEXAF shareholders</b>	<b>4,124</b>	<b>3,084</b>	<b>3,142</b>
To minority interests	9	6	7

**CONSOLIDATED BALANCE SHEET (in EUR thousands)**

(not audited)

EUR 000	30/06/2019	30/06/2020	30/06/2021
<b>NON-CURRENT ASSETS</b>	<b>112,341</b>	<b>116,459</b>	<b>117,579</b>
<i>Property, plant and equipment</i>	9,974	9,588	8,505
<i>Right of use</i>	159	109	59
<i>Investment properties</i>	102,027	106,377	108,320
<i>Intangibles</i>	13	5	13
<i>Other financial assets</i>	168	380	681
<b>CURRENT ASSETS</b>	<b>13,128</b>	<b>14,662</b>	<b>14,848</b>
<i>Inventories</i>	4,913	4,951	4,458
<i>Receivables</i>	1,015	1,230	1,174
<i>Tax assets</i>	434	689	676
<i>Cash and cash equivalents</i>	6,567	7,585	8,352
<i>Other current assets</i>	200	208	187
<b>TOTAL ASSETS</b>	<b>125,469</b>	<b>131,120</b>	<b>132,427</b>
<b>EQUITY</b>	<b>90,904</b>	<b>98,395</b>	<b>100,452</b>
<i>Capital</i>	21,508	23,398	25,497
<i>Group's reserves</i>	69,043	74,617	74,565
<i>Minority interests</i>	353	380	390
<b>NON-CURRENT LIABILITIES</b>	<b>21,410</b>	<b>19,585</b>	<b>20,574</b>
<i>Deferred tax liabilities</i>	13,250	13,234	12,784
<i>Other non-current liabilities</i>	8,160	6,351	7,789
<b>CURRENT LIABILITIES</b>	<b>13,155</b>	<b>13,140</b>	<b>11,401</b>
<i>Current liabilities</i>	13,155	13,140	11,401
<b>TOTAL LIABILITIES</b>	<b>125,469</b>	<b>131,120</b>	<b>132,427</b>

## CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(not audited)

EUR 000	30/06/2019	30/06/2020	30/06/2021
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,564</b>	<b>8,767</b>	<b>6,979</b>
Operating cash flow after tax	5,076	5,350	4,970
Changes in net working capital	2,336	-54	1,077
<b>Cash flows from operating activities</b>	<b>7,412</b>	<b>5,296</b>	<b>6,047</b>
Investments	-1,786	-2,948	-3,408
Divestments	279	2	26
<b>Cash flows from investment activities</b>	<b>-1,507</b>	<b>-2,946</b>	<b>-3,382</b>
Increase in capital		1,890	2,099
Dividends	-3,442	-4,101	-4,633
Change in debt	-1,460	-1,321	1,242
<b>Cash flows from financing activities</b>	<b>-4,902</b>	<b>-3,532</b>	<b>-1,292</b>
<b>Net increase (decrease) of cash and cash equivalents</b>	<b>1,003</b>	<b>-1,182</b>	<b>1,373</b>
<b>Cash and cash equivalents at year's end</b>	<b>6,567</b>	<b>7,585</b>	<b>8,352</b>
<i>of which Texaf s.a.</i>	<i>997</i>	<i>1,563</i>	<i>858</i>

### Comments on consolidated accounts

The full half-yearly report drawn up in accordance with IAS 34 is available at [www.texaf.be](http://www.texaf.be)

- ◇ Group turnover fell by 1%, mainly due to the increase in rental vacancies. Recurring operating expenses increased by EUR 828 k, nearly half of which stemmed from a non-cash change in inventories at **CARRIGRES**, and the rest mainly from real estate maintenance and legal costs for asset protection. Consequently, the recurring operating result fell by 15% to EUR 3,869 k. Non-recurring items were the balance of costs related to the August 2020 fire.
- ◇ Net financial expenses remained low at EUR 20 k (vs EUR 25 k). Consequently, the operating result before tax fell by 16% to EUR 4,803 k.
- ◇ The tax charge for the 1<sup>st</sup> half of 2020 included a negative re-valuation of deferred taxes of EUR -462 k. However, in 2021, the re-valuation was slightly positive.
- ◇ In total, the net result (Group's share) was EUR 3,109 k, compared with EUR 3,154 k one year before (-1%).
- ◇ **TEXAF** gave its shareholders the option of taking their 2020 dividend in cash or of contributing it as a capital increase ("optional dividend"). 65% of the net dividends were contributed in the amount of EUR 2,099 k, bringing the capital to EUR 25,497 k and the number of shares to 3,666,566 (+1.7%).
- ◇ **UTEXAFRICA**, a Congolese subsidiary of **TEXAF**, has finalised a loan of EUR 2 M over 5 years with BELFIUS BANK to finance its investments. This loan, which is covered by political risks insurance issued by CREDENDO, is enabling **UTEXAFRICA** to significantly reduce its borrowing costs. **TEXAF** is particularly pleased to have secured a new source of financing for its future projects.

### EVENTS TAKING PLACE AFTER 30 JUNE 2021 AND OUTLOOK FOR 2021

- ◇ The Board of Directors is of the view that the increase in the rental vacancy rate that impacted the accounts for the 1<sup>st</sup> half of the year is due to the consequences of the COVID-19 crisis, is temporary and is gradually being resolved. The increase in the total number of tenants, particularly residential, during this period has convinced it that the concept of a secure site in a green setting with a wide range of services is particularly suited to the

high-end demand in Kinshasa. It has therefore just approved implementation of the largest project that **TEXAF** has ever carried out. This project, called Promenade des Artistes, will include 94 apartments of 1-4 bedrooms in a pedestrian setting with underground garages. Its budget has been fixed at EUR 18 M (excluding land) and it has rental potential of EUR 3 M. It will be delivered in the 2<sup>nd</sup> half of 2023.



*Promenade des Artistes project*

- ◇ **CARRIGRES'** activity in July and August offers hope that the result for the second half-year will be better than that for the first, which had been impacted by production problems at the beginning of the year. The result for the **real estate activity** should also be higher given the full leasing of Petit-Pont and delivery of the last Bois Nobles II building.

## FINANCIAL CALENDAR

- ✚ Friday 12 November 2021: Quarterly press release
- ✚ Thursday 25 February 2022: Publication of 2021 annual results
- ✚ Friday 8 April 2022: Publication of 2021 annual report
- ✚ Friday 10 May 2022: 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.*

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