



Maris

## INVESTING IN GROWTH IN AFRICA

Q1 2020 Shareholder Report



EVERGREEN HERBS, NAIROBI

# COMPANY INFORMATION

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<b>GBL1 Mauritian Company</b>	<b>Incorporated June 27th, 2014</b>
<b>REGISTERED OFFICE</b>	c/o CrossInvest Global Management Services Ltd Office FF01 Endemika Business Park Phase 2 Petit Raffray Mauritius
<b>REGIONAL OFFICES</b>	Nairobi Maputo London
<b>DIVISIONS</b>	Agris Renewables Services Mining Properties
<b>SHAREHOLDERS</b>	84
<b>BOARD OF DIRECTORS</b>	David Morrison (Chairman) Marc Beuls Nicholas Ferguson Iwan Meister Henry Obi Raju Shaulis Charlie Tryon (Chief Executive)  Harris Harjan (Mauritian Director) Harry Sutherland (Mauritian Director)

# CHIEF EXECUTIVE'S REPORT

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2020 started on a very encouraging footing, revenues were up 7.4% year on year and EBITDA increased by an impressive 82.9% to \$3.6m for the quarter. With \$16m in the bank and the economies across East Africa presenting improved growth prospects, we looked well positioned to capitalize on the strong foundations we established in 2019.

Sub-Saharan Africa was revealing a little of its old lustre with GDP growth projected to rise again in 2020. Then March saw the spread of COVID-19 into east and southern Africa, with lockdown measures being imposed from mid-March onwards. The economic impact of these measures has been huge, with the closure of international markets commodity prices have subsequently collapsed, alongside consumer demand. Tourism and the services sectors have ceased to exist, and all in the space of a month.

We restructured our 4 divisions into 5 during Q1, segregating our renewable energy business from our dealerships. Equator Energy now sits within our Renewables Division and our dealerships have been rebranded under the META Group within the Services Division.

In Q1 we also made good progress restructuring our Agriculture and Forestry division into a single holding company group, named Agris, under its own management team. We have identified what we believe is a significant opportunity to build a sector focused platform that offers real scale. Our focus being to build a food production business that will seek to target export markets first and foremost, but over time develop a more locally focused high quality fruit and vegetable operation.

Through Agris, we have made a new investment in the horticulture sector in Q1, leasing an underperforming herb farm with 55 hectares just outside Nairobi, named Evergreen Herbs. We have put in place a first class management team to turn around the business and increase production by 300% within 12 months.

4 of our 5 divisions saw significant growth year on year in Q1, the exception being Agris. A fall in production at ETC, the seasonal impact of our avocado operation and start up costs at Evergreen Herbs, all weighed on results.

The Property and Services divisions witnessed little impact from the pandemic in Q1, net profit was up 48% YoY and 438% respectively.

The Renewables division saw expansion into Somalia with the installation of two grid tied systems. The move has fortunately diversified the company away from Kenya and the floriculture sector where we were exposed to the impact of COVID-19 and a collapse in flower exports from the country.

Very high gold grades at Karebe and a rising gold price supported a strong set of results from the division. The Zimbabwe mines saw production fall YoY following gold recovery challenges. A floatation system to treat the refractory ore was purchased in Q4 2019, however the plant was delayed in China due to the Coronavirus shutdown.

Karebe has been dragged back to court in Q1, which resulted in another temporary shutdown. It has since won the case and will appeal a prior ruling, but it is likely that we will see a minimum 6 month stoppage in production as we relocate our plant site in an effort to resolve our long standing land issue.

The conservative and “asset heavy” make up of our portfolio of businesses has certainly proved to be a sound strategy during this highly uncertain and challenging time. This said, we are now seeing the impact of a global shutdown in a number of our businesses and anticipate a difficult second quarter.

Management have put in place a wide range of cost cutting measures to protect the business in Q2 and beyond. Whilst we anticipate a rocky period ahead, with lockdown measures gradually easing, we believe Maris should weather the COVID-19 storm better than most, particularly given our exposure to gold.

Regrettably it looks almost certain that most of the management team will remain in Nairobi, unable to travel in the near term. We will therefore be holding our annual shareholders meeting by video conference this year, on Thursday 11th June. I look forward to speaking to many of you then.

Charlie Tryon

# FINANCIAL SUMMARY

CONSOLIDATED GROUP PERFORMANCE	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total 2019	Q1 2020	% Change (Q1 2020 / Q1 2019)
Revenues	10.3m	9.8m	13.9m	11.6m	45.6m	11.0m	7.4%
EBITDA	2.0m	0.9m	5.7m	3.1m	11.7m	3.6m	82.9%
Divisions Net Profit	1.1m	0.1m	3.5m	1.5m	6.2m	2.3m	114.4%
Group Holding Costs	-0.7m	-0.7m	-0.7m	-0.5m	-2.6m	-0.7m	-8.4%
<b>Group Operating Profit</b>	0.4m	-0.6m	2.8m	1.0m	3.6m	1.6m	323.0%
<i>Attributable to Maris shareholders</i>	0.1m	-0.8m	1.9m	0.6m	1.9m	1.0m	760.8%
<i>Attributable to other shareholders</i>	0.3m	0.2m	0.8m	0.4m	1.7m	0.6m	117.9%

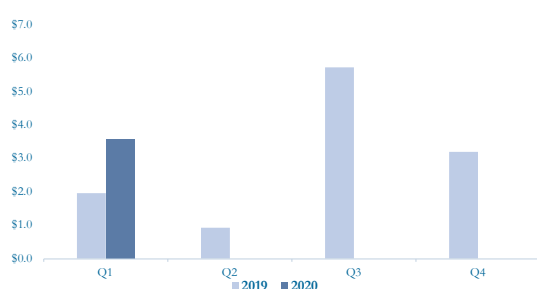
- The consolidated figures presented here are not audited and are provided as supplemental information; they are not intended to be a substitute for the audited financial statements of the Company.

- Group Operating Profit reflects the results from operating activities and excludes the impact of changes in valuations, assets disposal, unrealized FX gains and losses and other non-operational items.

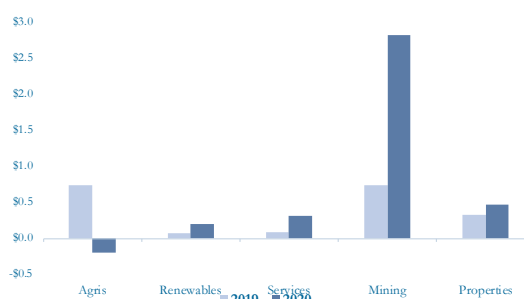
- All figures are in US\$ unless otherwise stated.

GROUP BALANCE SHEET	Q1 2020 (Unaudited)	Q4 2019 (Audited)
Value of Investment in OpCo's	88.6m	87.3m
Cash at Maris Ltd	14.4m	15.8m
Other assets	6.6m	7.4m
Liabilities	-2.5m	3.1m
NAV	107.1m	107.4m
NAV/share	\$1.02	\$1.02

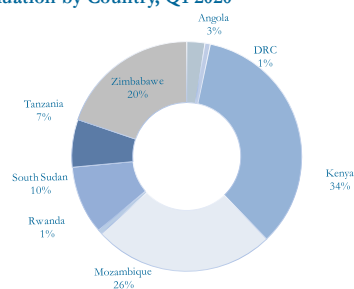
Group EBITDA Q1 2019 vs Q1 2020



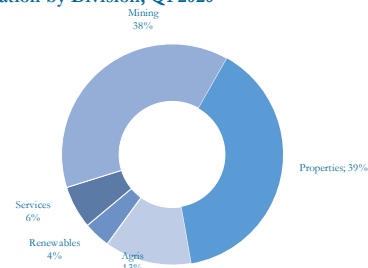
Division EBITDA Q1 2019 vs Q1 2020



Valuation by Country, Q1 2020



Valuation by Division, Q1 2020



# DIVISION ANALYSIS

RETURN ON INVESTED CAPITAL*	INVESTED CAPITAL (Since Sept. 2014)	REMITTANCES TO GROUP HOLDING (Dividends & Other Cash)	VALUATION Q1 2020 (Unaudited)	MONEY MULTIPLE (inc. Dividends)
Division				
Agris	14.5m	3.4m	10.9m	0.99x
Renewables	2.3m	0.0m	4.8m	2.11x
Services	12.5m	0.9m	5.7m	0.52x
Mining	22.6m	4.8m	33.2m	1.69x
Properties	30.7m	2.8m	33.6m	1.19x
Other Investments	3.7m	0.0m	0.3m	0.09x

\*The figures above exclude Group Holding Costs.

REVENUE	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total 2019	Q1 2020	% Change (Q1 2020 / Q1 2019)
Division							
Agris	3.9m	3.1m	2.9m	2.2m	12.0m	1.4m	-64.1%
Renewables	0.1m	0.1m	0.2m	0.2m	0.6m	0.2m	185.2%
Services	1.7m	3.5m	1.8m	2.6m	9.7m	1.6m	-6.8%
Mining	3.4m	1.6m	7.4m	5.1m	17.6m	6.3m	84.0%
Properties	1.2m	1.4m	1.6m	1.6m	5.7m	1.6m	28.6%
<b>Total</b>	<b>10.3m</b>	<b>9.8m</b>	<b>13.9m</b>	<b>11.6m</b>	<b>45.6m</b>	<b>11.0m</b>	<b>7.4%</b>

EBITDA	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total 2019	Q1 2020	% Change (Q1 2020 / Q1 2019)
Division							
Agris	0.7m	0.7m	0.6m	0.4m	2.5m	-0.2m	-127.5%
Renewables	0.1m	0.1m	0.1m	0.2m	0.5m	0.2m	186.3%
Services	0.1m	0.4m	0.2m	0.3m	1.0m	0.3m	244.7%
Mining	0.7m	-0.7m	4.2m	2.1m	6.3m	2.8m	279.7%
Properties	0.3m	0.4m	0.5m	0.3m	1.6m	0.5m	43.9%
<b>Total</b>	<b>2.0m</b>	<b>0.9m</b>	<b>5.7m</b>	<b>3.2m</b>	<b>11.8m</b>	<b>3.6m</b>	<b>82.9%</b>

NET PROFIT	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total 2019	Q1 2020	% Change (Q1 2020 / Q1 2019)
Division							
Agris	0.6m	0.6m	0.4m	0.4m	2.0m	-0.3m	-147.4%
Renewables	0.0m	0.0m	0.0m	0.2m	0.1m	0.1m	294.3%
Services	-0.1m	0.2m	-0.1m	0.3m	0.1m	0.2m	437.6%
Mining	0.3m	-0.8m	2.8m	2.1m	3.4m	2.0m	520.5%
Properties	0.2m	0.2m	0.3m	0.3m	0.8m	0.3m	48.0%
<b>Total</b>	<b>1.1m</b>	<b>0.1m</b>	<b>3.5m</b>	<b>1.7m</b>	<b>6.4m</b>	<b>2.3m</b>	<b>114.4%</b>

## COMPANIES

**EQUATORIA TEAK COMPANY (ETC) (85%)**  
Forestry  
South Sudan

**EVERGREEN HERBS (EHL) (100%)**  
Fresh Food  
Kenya

**GREEN ENVIRON TEAK COMPANY (GETC) (50%)**  
Forestry  
South Sudan

**RUNGWE AVOCADO COMPANY (RAC) (18%)\***  
Avocado Export  
Tanzania

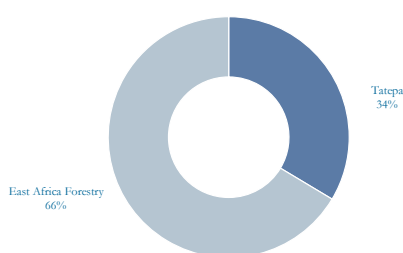
**TATEPA (18%)\*\***  
Tea Production  
Tanzania

\* Restructuring is ongoing, with Maris to own majority stake by end of 2020.

\*\* Convertible loan in place. On conversion Maris' equity stake increases to approximately 70%.

( ) indicates Maris equity stake

PERCENTAGE OF NAV BY BUSINESS



## DIVISION OVERVIEW

2020 has seen the rebranding of the Agriculture and Forestry division into Agris with the recruitment of a specialist Managing Director. It was always anticipated that 2020 would be a challenging year with operations at Equatoria Teak Company winding down into a lengthy rebuilding phase combined with extensive restructuring of Rungwe Avocado Company.

The group took over a fresh herb farm near Nairobi, on 1st March 2020 on a 10-year lease. Unfortunately, Evergreen Herbs hit headwinds immediately with the impact of COVID-19 reducing European consumption and available cargo space on planes; however management is taking advantage of the situation by bringing forward planned capex investments, which should bring significant improvements in production by Q3 2020.

Harvesting of mature teak at ETC finished last quarter and was anticipated to finish at GETC in Q2 2020. However, the Indian timber market was closed due to COVID-19 restrictions, which brought an earlier than anticipated halt to operations at GETC. A deep cost cutting drive has been undertaken and the focus is now on opportunities to generate income from carbon credits and a variety of shorter-cycle crops.

Tatepa has seen good results so far in 2020 thanks to a boom in demand for tea, with over 2,640 tonnes sold, prices creeping upwards and operations largely unaffected by COVID-19. At RAC Maris is leading a debt restructuring and management change process. RAC fruits will not be ready for harvesting until June, so the business has not yet generated any revenue this year. Conversations with a potential international technical partner are advancing, with the expectation that 40 hectares of new avocado orchards will be established this year under a new company.

### HIGHLIGHTS

- Despite a challenging start, operations at EHL are starting well.
- An excellent start to 2020 for Tatepa.

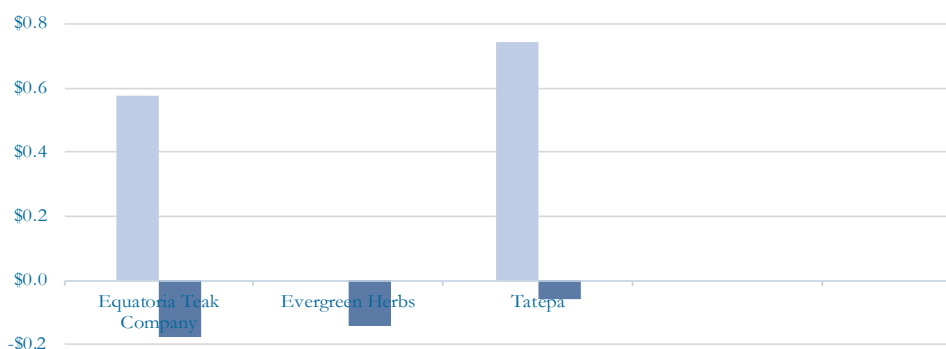
### LOWLIGHTS

- A combination of restructuring costs and adverse COVID-19 effects has led the division to a loss for the quarter.

## KEY FINANCIAL INDICATORS

USD	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total 2019	Q1 2020	% Change (Q1 2020 / Q1 2019)
Revenues	3.9m	3.1m	2.9m	2.2m	<b>12.0m</b>	1.4m	-64.1%
EBITDA	0.7m	0.7m	0.6m	0.4m	<b>2.5m</b>	-0.2m	-127.5%
Net Profit	0.6m	0.6m	0.4m	0.4m	<b>2.0m</b>	-0.3m	-147.4%

### EBITDA BY BUSINESS Q1 2019 VS Q1 2020



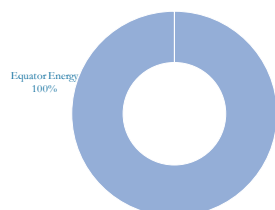
## COMPANIES

### EQUATOR ENERGY (70%)

Renewable Energy Solutions  
Kenya, South Sudan, Somalia &  
Zimbabwe

( ) indicates Maris equity stake

#### PERCENTAGE OF NAV BY BUSINESS



## DIVISION OVERVIEW

In Q1 2020 Equator Energy successfully commissioned its first public utility installation in Puntland, a northern region of Somalia. The project, backed by international development institutions, is the largest solar system in the Country. The 1.5MW is split between the cities of Bosaso and Qardoh. Together, they supply 25% of all electricity to the population of both regions and allowed the grid operator to substantially reduce the use of diesel generators. The additional 356kW of Kenyan capacity (mentioned in last quarter's report) was also installed during the quarter. Fortunately, all of these systems were commissioned before the COVID-19 lock downs.

Equator also signed a new 206kW system with a plastics manufacturer in March 2020, which should lead to further opportunities within the sector later in the year.

Whilst business development activities slowed towards the end of the quarter, the long-term pipeline continues to look strong for Equator Energy. Multiple leads across Kenya and Somaliland (another of Somalia's northern regions) are progressing, albeit more slowly than normal under the current circumstances.

With the spread of COVID-19, the business has been reducing costs and focusing on prompt collection of receivables in order to service its debt obligations. In the first quarter, however, the impact on power demand (and therefore revenues) across the portfolio was negligible.

### HIGHLIGHTS

- New systems in Puntland and Kenya were commissioned before COVID-19 lockdowns.
- The impact of COVID-19 lockdowns has not had a significant impact on installed solar systems.

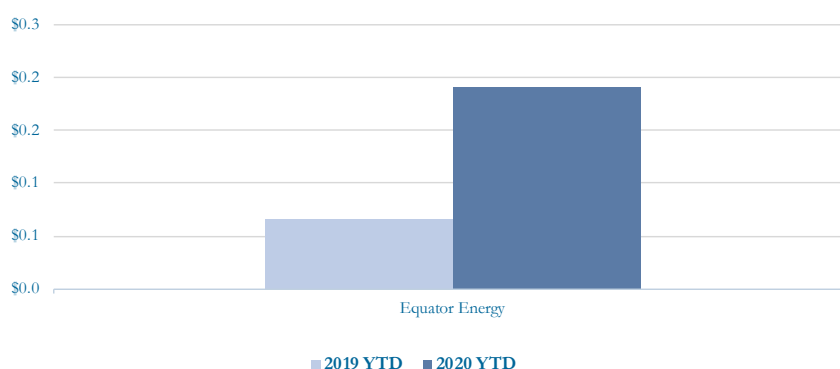
### LOWLIGHTS

- COVID-19 restrictions will impact Q2 2020 growth.

## KEY FINANCIAL INDICATORS

USD	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total 2019	Q1 2020	% Change (Q1 2020/ Q1 2019)
Revenues	0.1m	0.1m	0.2m	0.2m	<b>0.6m</b>	0.2m	185.2%
EBITDA	0.1m	0.1m	0.1m	0.2m	<b>0.5m</b>	0.2m	186.3%
Net Profit	0.0m	0.0m	0.0m	0.1m	<b>0.1m</b>	0.1m	294.3%

### EBITDA BY BUSINESS Q1 2019 VS Q1 2020



## COMPANIES

### META ANGOLA (47%)

Exclusive JCB machinery dealership  
Angola

### META TANZANIA (50%)

Exclusive JCB, Kaeser, Parker machinery dealership  
Tanzania

### META RWANDA (50%)

Exclusive JCB, Kaeser, Parker machinery dealership  
Rwanda

### META KENYA (50%)

JCB machinery dealership  
Kenya

( ) indicates Maris equity stake

## DIVISION OVERVIEW

Our dealership businesses were rebranded as META Group at end of last year and it has made some good progress in Q1 2020. META delivered EBITDA growth compared to Q1 2019 and Q4 2019 of 245% and 25% respectively, despite posting slightly lower revenues.

In East Africa, META Tanzania posted good results, and META Kenya has started operations, signing its first deals for supplying cement mixers and related products. However, due to the COVID-19 pandemic, the Kenyan and Rwandan markets have now ground to a halt, while Tanzania continues to operate. In Southern Africa the Angolan market continues to stagnate.

On a positive note our historical business partners, Muscat Overseas Group, have agreed to a renewed partnership to expand operations. META has also reached in-principle agreements (subject to due diligence) for acquiring the JCB dealerships in Zambia and Mozambique, although delayed due to COVID-19, at the time of writing there are signs that things are starting to move again.

Further ahead META Group is looking into opportunities in ancillary sectors such as machinery rental leasing.

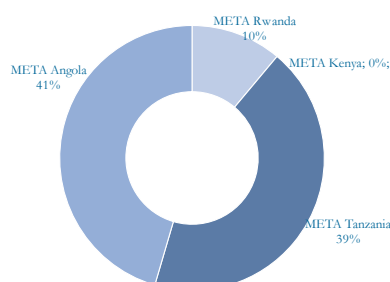
### HIGHLIGHTS

- META Kenya posted its first sales.
- Geographical expansion is looking promising.

### LOWLIGHTS

- COVID-19 is causing delays in expansion and business disruption.

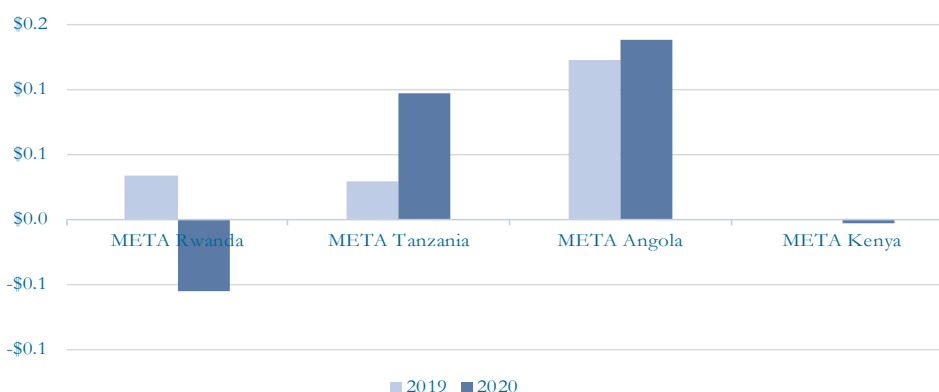
## PERCENTAGE OF NAV BY BUSINESS



## KEY FINANCIAL INDICATORS

USD	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total 2019	Q1 2020	% Change (Q1 2020/ Q1 2019)
Revenues	1.7m	3.5m	1.8m	2.6m	<b>9.7m</b>	1.6m	-6.8%
EBITDA	0.1m	0.4m	0.2m	0.3m	<b>1.0m</b>	0.3m	244.7%
Net Profit	-\$ 0.1m	0.2m	-0.1m	0.0m	<b>0.1m</b>	0.2m	437.6%

## EBITDA BY BUSINESS Q1 2019 VS Q1 2020



# MINING DIVISION

## COMPANIES

KAREBE GOLD MINING LIMITED (KGML) (80%)

Kenya

COMMONER MINE (80%)

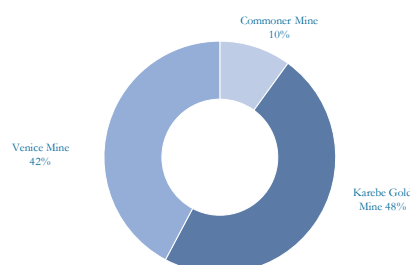
Zimbabwe

VENICE MINE COMPLEX (VMC) (90%)

Zimbabwe

( ) indicates Maris equity stake

### PERCENTAGE OF NAV BY BUSINESS



## DIVISION OVERVIEW

In Q1 2020 the Mining division delivered an exceptional set of results and some big frustrations too. Revenues for Q1 2020 were \$6.3m (vs. \$3.4m in Q1 2019 and \$5.1m in Q4 2019), while EBITDA was \$2.8m (vs. \$0.7m in Q1 2019 and \$2.1m in Q4 2019). This was mainly the result of high grades at Karebe Gold Mine and the rise in gold prices. We see both factors continuing to support the division for the foreseeable future.

On the downside, a court in Kenya decided to arbitrarily set aside a previous judgement favourable to Karebe and ordered the business to stop operating once again in March. We have successfully appealed against this ruling and secured an authorisation to restart operations. However, as a precautionary measure, in parallel, we have started to relocate the surface production facilities away from the land at the centre of the dispute. It is possible we will still see a suspension of production for the remainder of the year, although Karebe has proven its ability to recover rapidly and we are confident that we will recoup lost profits by early next year.

At Venice Mine gold produced was in line with Q4 2019 and production continues even under the country lockdown as Venice received an exemption. One of the indirect impact of COVID-19 however has been the delay of the delivery of the flotation plant from China now scheduled for Q2 2020. On the other hand, underground development continues and a new shaft, previously disused, has been re-opened.

In a separate development, Maris is in preliminary discussions with a major listed mining company for a potential tie-up involving Venice Mine that would allow the combined group to fully exploit the substantial resources available. Commoner Mine continues with minimal production and was able to cover its care and maintenance costs.

### HIGHLIGHTS

- Karebe continues to deliver exceptionally high grade of gold.
- The division's Net Profit for Q1 2020 was almost double than Q4 2019.
- Venice Mine is in joint venture discussions with a significant industry partner to scale the mine.

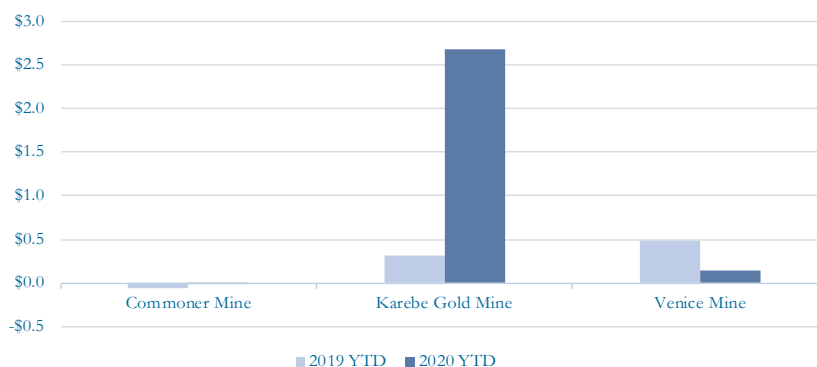
### LOWLIGHTS

- Karebe was forced to suspend production.
- COVID-19 delayed equipment delivery from China to Venice Mine.

## KEY FINANCIAL INDICATORS

USD	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total 2019	Q1 2020	% Change (Q1 2020/ Q1 2019)
Revenues	3.4m	1.6m	7.4m	5.1m	<b>17.6m</b>	6.3m	84.0%
EBITDA	0.7m	-0.7m	4.2m	2.1m	<b>6.3m</b>	2.8m	279.7%
Net Profit	0.3m	-0.8m	2.8m	1.0m	<b>3.4m</b>	2.0m	520.5%

### EBITDA BY BUSINESS Q1 2019 VS Q1 2020



# PROPERTIES DIVISION

## COMPANIES

### CORPORATE ACCOMMODATION

#### MULITANI (100%)

Tete, Mozambique

70 rooms

#### KAIA VILLAGE (QSS) (100%)

Pemba, Mozambique

50 rooms

#### ACACIA VILLAGE (54%)

Juba, South Sudan

39 rooms

### SERVICED OFFICES

#### MOZAMBIQUE MANAGED OFFICES (MMO) (75%)

Maputo, Mozambique

2000 Sqm

### INDUSTRIAL WAREHOUSING

#### OSS MOZAMBIQUE (100%)

Tete, Nacala, Pemba, Mozambique

4,500Sqm

### AFRICA LOGISTICS PROPERTIES

#### (ALP) (13%)

Nairobi, Kenya

Completed 52,381Sqm at site 1

Planned 100,000Sqm at site 2

( ) indicates Maris equity stake

## DIVISION OVERVIEW

The division posted very good results in Q1 2020 with revenues and EBITDA growth of 29% and 44% respectively compared to Q1 2019; EBITDA improved compared to Q4 2019. The year-on-year improvement was well balanced across all properties.

ALP posted a 5% increase in revenues compared to Q4 2019. Occupancy at Tatu City remains at 82% for warehouse 1&2 while the recently completed warehouse 3 will receive its first tenant in later this year. At the Tilisi site in the west of Nairobi construction continues of the first phase of smaller warehouses aimed at the SME market; the COVID-19 restrictions have had minimum impact on the works.

The Mozambique Properties have posted the largest improvement year-on-year with revenues and EBITDA up 36% and 32% respectively compared to Q1 2019. Kaia Village and Mulitani are operating at full occupancy and are remitting dividends regularly to the top holding company. It is possible however that in Q2 2020 Mulitani will experience a slight drop in revenues as some of the guests are repatriated. At MMO revenues and EBITDA grew nicely on the back of the LNG development campaign and MMO paid a dividend to its parent company; in the short term however such growth will be hampered by clients being asked to work from home by their respective employers.

OSS Mozambique, while posting improved results, still struggles with low occupancy and its operations have been adversely affected by the insecurity in the north of the country.

Finally Acacia Village in South Sudan is also delivering good results with EBITDA more than doubling year-on-year; the occupancy is benefitting from NGO's and UN-affiliated entities who continue to operate.

### HIGHLIGHTS

- Mozambique Properties revenues increased 36% compared to Q1 2019.
- Dividends are being remitted by most properties.

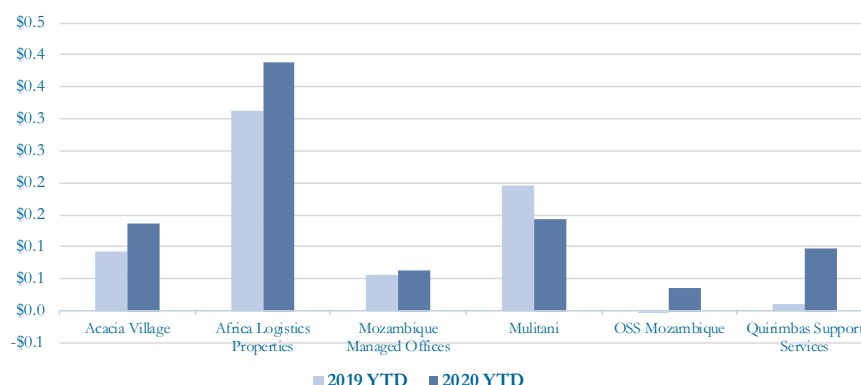
### LOWLIGHTS

- Low occupancy at OSS Mozambique warehouses.
- Security incidents linked to insurgency in the north of Mozambique are increasing.

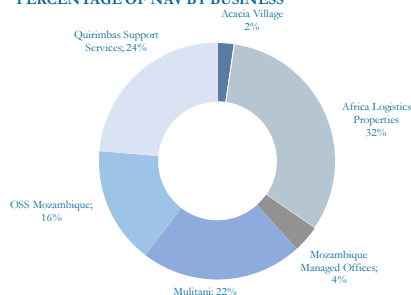
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EBITDA	0.3m	0.4m	0.5m	0.3m	1.6m	0.5m	43.9%
Net Profit	0.2m	0.2m	0.3m	0.2m	0.8m	0.3m	48.0%

### EBITDA BY BUSINESS Q1 2019 VS Q1 2020



### PERCENTAGE OF NAV BY BUSINESS





VENICE MINE, ZIMBABWE (EQUATORY ENERGY)

## **MARIS LIMITED**

c/o CrossInvest Global Management Services Ltd

Office FF01

Endemika Business Park Phase 2

Petit Raffray

Republic of Mauritius

[www.marisafrica.com](http://www.marisafrica.com)