

SENS ANNOUNCEMENT

(the "Announcement")

ISSUER



ZCCM INVESTMENTS HOLDINGS PLC
("ZCCM-IH")

Incorporated in the Republic of Zambia

Company registration number:

119540000771

Share Code: ZCCM-IH

ISIN: ZM0000000037

BROKER



Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission Zambia

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AUTHORISATION

Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange ("LuSE")
- The Securities and Exchange Commission Zambia ("SEC")
- ZCCM-IH

DISCLAIMER AND RISK WARNING

The announcement contained herein contains information that may be of a price sensitive nature.

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ISSUED ON: 29 June 2023



ZCCM INVESTMENTS HOLDINGS PLC

(Incorporated in the Republic of Zambia)

PROVISIONAL ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

In compliance with the requirements of the Securities Act No. 41 of 2016, ZCCM Investments Holdings PLC ("ZCCM-IH PLC" or "the Company") announces the provisional financial statements results of the Company and its subsidiaries (Collectively referred to as the "the Group") for the year ended 31 December 2022.

STRUCTURE OF THE ZCCM-IH GROUP

The ZCCM-IH Group consists of the following Nine (9) companies:

Name	Shareholding
Mopani Copper Mine PLC	100.00%
Ndola Lime Company Limited (In Liquidation)	100.00%
Kariba Minerals Limited	100.00%
Misenge Environmental and Technical Services Limited	100.00%
Mushe Milling Limited	100.00%
Kabundi Resources Limited	100.00%
Limestone Resources Limited	100.00%
Investrust Bank PLC	71.40%
Zambia Gold Company Limited	51.00%

The Company also has other interests in the undernoted companies:

Name	Shareholding
Rembrandt Properties	49.00%
Central African Cement Limited	49.00%
Maamba Collieries Limited	35.00%
Konkola Copper Mines PLC	20.60%
Kansanshi Mining PLC	20.00%
Copperbelt Energy Corporation PLC	24.10%
CNMC Luanshya Copper Mines PLC	20.00%
Lubambe Copper Mines PLC	20.00%
NFCA Africa Mining PLC	15.00%
Chibuluma Mines PLC	15.00%
Chambishi Metals PLC	15.00%
Copper Tree Mineral Limited	15.58%
Oranto Oil Block	10.00%
Nkana Alloy Smelting Company Limited	10.00%

PROVISIONAL ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	ZMW'000	ZMW'000
Revenue	11,959,354	14,395,493
Gross (loss)/profit	(2,749,760)	164,460
Operating loss	(3,354,959)	(13,313,773)
Net finance cost	(1,813,846)	(866,045)
Share of profit of equity accounted investees	1,603,143	3,004,542
Loss before tax	(3,565,662)	(11,175,276)
Income tax (expense)/credit	(249,504)	66,476
Loss for the year	(3,815,166)	(11,108,800)
Earnings per share (ZMW)	(23.73)	(69.08)
Basic and diluted earnings per share (ZMW)	(23.73)	(69.08)

PROVISIONAL ABRIDGED COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	ZMW'000	ZMW'000
Investment income	4,916,309	968,137
Revenue from contracts with customers	778	79,837
Operating profit	4,054,286	1,841,747
Net finance income/(cost)	440,763	(251,987)
Profit before tax	4,495,049	1,589,760
Income tax (expense)/credit	(236,321)	86,158
Profit for the year	4,258,728	1,675,918
Earnings per share (ZMW)	26.48	10.42
Basic and diluted earnings per share (ZMW)	26.48	10.42

PROVISIONAL ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	ZMW'000	ZMW'000
Assets		
Non-current Assets		
Property, plant, and equipment	12,484,907	12,857,452
Exploration and evaluation asset	51,437	38,989
Intangible assets	4,582,654	4,676,296
Investment property	200,751	192,227
Investments in associates	15,174,862	17,067,159
Financial assets at fair value through profit or loss	1,252,400	1,458,000
Trade and other receivables	2,931,539	1,330,438
Environmental Protection Fund	94,433	87,130
Deferred tax assets	122,852	340,848
Current Assets		
Inventories	4,921,366	4,651,886
Trade and other receivables	762,831	3,264,975
Assets held for sale	2,103,761	1,478,611
Term deposits	5,340,202	653,742
Cash and cash equivalents	329,173	184,625
Total assets	50,353,168	48,282,378
Equity and liabilities		
Capital and reserves	9,343,136	14,272,867
Non-current Liabilities		
Borrowings	27,476,859	24,546,001
Retirement benefits	182,940	96,287
Provisions for environmental rehabilitation	1,221,068	1,198,814
Borrowings	864,411	797,566
Current Liabilities		
Overdraft	688,120	70,449
Trade and other payables	7,451,177	4,796,508
Provisions	487,689	378,746
Current income tax liabilities	190,143	202,563
Retirement benefits	139,131	244,001
Liabilities associated with assets classified as held for sale	2,308,494	1,678,576
Total equity and liabilities	50,353,168	48,282,378

PROVISIONAL ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	ZMW'000	ZMW'000
Assets		
Non-current Assets		
Property, plant, and equipment	90,471	78,439
Intangible assets	3,377	2,537
Investment property	200,751	192,227
Investment in subsidiaries	405,051	327,939
Investments in associates	16,256,411	20,603,089
Financial assets at fair value through profit or loss	1,252,400	1,458,000
Trade and other receivables	958,162	676,478
Deferred tax assets	258,966	468,109
Current Assets		
Inventories	16,427	22,034
Trade and other receivables	173,829	197,844
Term deposits	5,340,202	632,992
Cash and cash equivalents	45,586	81,498
Assets held for sale	145,700	430,977
Total assets	25,147,333	25,172,163
Equity		
Capital and reserves	24,679,852	24,732,194
Non-Current Liabilities		
Retirement Benefit Obligations	9,275	10,256
Provisions for environmental rehabilitation	39,357	79,931
Borrowings	-	1,135
Current Liabilities		
Trade and other payables	121,005	116,883
Provisions	108,686	29,528
Current income tax liabilities	189,158	202,236
Total equity and liabilities	25,147,333	25,172,163

PROVISIONAL ABRIDGED GROUP STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	ZMW'000	ZMW'000
Net cash flow generated from operating activities	1,188,449	416,970
Net cash flow used from investing activities	(906,777)	(103,180)
Net cash outflow from financing activities	(698,833)	(402,694)
Decrease in cash and cash equivalents	(417,161)	(88,904)
Cash and cash equivalents at the beginning of the year	336,101	425,005
Cash and cash equivalents at the end of the period	(81,060)	336,101
Included in the statement of financial position	(358,947)	114,176
Included in assets held for sale	277,887	221,925
	(81,060)	336,101

PROVISIONAL ABRIDGED COMPANY STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	ZMW'000	ZMW'000
Net cash flows from operating activities	4,726,479	524,906
Net cash flows used in investing activities	(4,761,256)	(439,590)
Net cash flows used in financing activities	(1,135)	(124,457)
Decreased in cash and cash equivalents	(35,912)	(39,141)
Cash and cash equivalents at the beginning of the year	81,498	120,639
Cash and cash equivalents at the end of the period	45,586	81,498

PROVISIONAL ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	ZMW'000	ZMW'000
Balance at 1 Jan	14,272,867	21,004,417
Loss for the year	(3,815,166)	(11,108,800)
Other comprehensive income	(1,029,340)	4,430,326
Dividend paid	(85,225)	(53,076)
Balance at 31 Dec	<u><u>9,343,136</u></u>	<u><u>14,272,867</u></u>

PROVISIONAL ABRIDGED COMPANY STATEMENT OF CHANGES IN EQUITY

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	ZMW'000	ZMW'000
Balance at 1 Jan	23,732,194	23,164,958
Profit for the year	4,258,728	1,675,918
Other comprehensive income	(3,225,845)	(55,606)
Dividend paid	(85,225)	(53,076)
Balance at 31 Dec	<u><u>24,679,852</u></u>	<u><u>24,732,194</u></u>

1. FINANCIAL PERFORMANCE

(I) Group Performance

Performance at Group level was impacted by the performance of Mopani Copper Mines Plc (“Mopani”) resulting in a loss of ZMW 3.82 billion (US\$ 223.76 million) recorded in 2022 compared to a loss of ZMW11.08 billion (US\$ 564.57 million) recorded in 2021. The loss at Group level was on account of :

- Declined average copper price from US\$9,315 per ton in 2021 to US\$8,815 per ton in 2022;
- Lower copper production level experienced at Mopani due to the smelter shutdown; and
- No significant impairment of goodwill was recognised during the year (2021: ZMW 13.3 billion(US\$ 678.73 million)).

The Group recorded an increase in total assets from ZMW48.3 billion recorded in 2021 to ZMW 50.4 billion in 2022 largely on account of exchange differences from foreign currency denominated assets as well as improvement in the performance of some investee companies.

The Group's total liabilities increased from ZMW34 billion in 2021 to ZMW41 billion in 2022 on account of the Glencore long-term loan facility advanced to Mopani of US\$1.5 billion.

The Group's retained earnings as of 31 December 2022 were negative at ZMW10.50 billion (2021: ZMW6.84 billion). The movement in retained earnings is attributable to the recorded Group loss of ZMW3.82 billion recorded in 2022 (2021: ZMW11.08 billion loss).

(II) Company Performance

Company performance improved with a profit for the year of ZMW 4.26 billion in 2022 from ZMW1.68 billion recorded in 2021. The improved performance was due to a special dividend received from Kansanshi Copper Mining PLC of ZMW3.3 billion (US\$ 195 million).

2. KEY OPERATIONS AND STRATEGIC DEVELOPMENTS

(I) Mopani Copper Mines PLC (“Mopani”)

Below is a summary of Mopani’s financial performance which has been incorporated in the Group's Financial Statements:

Statement of Profit and Loss and Other Comprehensive - Mopani Copper Mine PLC		
	2022	Audited 2021
	ZMW'000	ZMW'000
Revenue	11,854,038	14,116,217
Gross (loss)/profit	(14,565,499)	146,365
Operating loss	(2,844,097)	(1,192,992)
Net finance cost	(2,238,476)	(604,157)
Loss before tax	(5,082,573)	(1,459,935)
Loss for the year	(5,082,573)	(1,459,935)

Statement of Financial Position - Mopani Copper Mine PLC

	2022	Audited 2021
Assets	ZMW'000	ZMW'000
Property, plant, and equipment	16,818,826	17,327,597
Inventories	4,836,680	4,564,852
Trade and other receivables	2,616,620	3,595,239
Environmental Protection Fund	94,433	87,130
Cash and cash equivalents	159,584	78,469
Total assets	24,526,143	25,653,287
Equity and liabilities		
Capital and reserves	(13,547,663)	(6,054,075)
Borrowings	28,341,270	25,342,432
Trade and other payables	7,245,750	4,606,104
Bank overdraft	678,900	65,743
Retirement benefits	312,796	330,032
Provisions	376,431	347,321
Provisions for environmental rehabilitation	1,118,659	1,015,730
Total equity and liabilities	24,526,143	23,653,287

In 2022, Mopani recorded a loss of ZMW5.08 billion (US\$ 298.1 million) compared to ZMW 1.46 billion (US\$ 74.2 million). The recorded results were due to reduced copper production levels from 72,694 tonnes in 2022 from 87,618 tonnes in 2021. The lower production levels recorded in 2022 was on account of the smelter shutdown for 45-days from August to September 2022. This shutdown was necessitated by maintenance, refurbishment of critical components, and replacement of refractory bricks.

Mopani's future growth prospects hinges on its planned completion and commissioning of expansion capital projects. The Company has planned for a ramped-up production profile as these projects are expected to be commissioned to full capacity by 2027. In addition to spending on its expansion projects, the Company has continued to ensure that sustaining capital is secured and utilised in the best possible way given the current funding limitations. During the year, Mopani has spent US\$77.4 million mostly on mining development and the smelter maintenance and refurbishment (2021: US\$39 million). The Group remains optimistic with the enormous task ahead to secure funds for Mopani of more than US\$300 million to complete the expansion projects over the next three years, as well as an additional US\$150 million for sustaining capital over the same period.

Considering the above, and as per the Market Announcement dated 15 June 2022, ZCCM-IH engaged a globally renowned investment bank, Rothschild & Co., South Africa (Pty) Ltd ("Rothschild & Co") to assist ZCCM-IH with the strategic review of Mopani to ensure its sustainability and continued development. Mopani's future will be realised as the expansion projects are progressively completed to be able to produce over 200,000 tonnes of finished copper cathode from 2027 onwards. Therefore, the review is being undertaken to provide strategic options that will ensure Mopani is operating optimally and is expected to be complement by December 2023.

(II) Kansanshi Royalty Transaction with FQM

After the year end on 31 March 2023, the shareholders of ZCCM-IH approved an agreement for a royalty transaction between ZCCM-IH and First Quantum Minerals Limited. The transaction involved ZCCM-IH conversion of its 20% equity interest in Kansanshi Mining PLC into a 3.1% life of mine royalty.

This transaction is in line with the key objective of the ZCCM-IH strategic plan of maximising value extraction from investments.

The implemented Kansanshi Royalty transaction will ensure the following benefits to ZCCM-IH;

- Guaranteed revenue: ZCCM-IH expected to record consistent and predictable revenue over the entire mine life and will therefore benefit throughout the existence of the KMP mine if it is in operation.
- Greater revenue: Royalty produces greater total revenue over time compared to the dividend model.
- Access to financing: Greater capital accumulation will lead to improved access to financing; and
- Drive portfolio growth: Improved cashflow will allow increased investment into greenfield and brownfield projects.

(III) Delayed Publication of 2021 and 2022 Financial Statements

In 2021, ZCCM Investments Holdings PLC ("ZCCM-IH" or "the Company") acquired 90% shareholding in Mopani Copper Mines PLC bringing its shareholding to 100%. As a result of this acquisition, an independent valuation of Mopani's assets and liabilities at acquisition was required as per the provisions of the International Financial Reporting Standard 3 (IFRS 3). This process took longer than expected and resulted in delays in finalising the 2021 and subsequently the 2022 Financial Statements. This valuation exercise has now been completed and undergoing further audit reviews.

Considering the above, the 2022 comparative amounts in the statement of profit or loss and other comprehensive , statements of financial position, statement of changes in equity have been updated to reflect the draft valuation results of the fair valuation of assets and liabilities related to the acquisition of 90% shares of Mopani as of 31 March 2021. The key changes made to the 2022 comparative amounts include:

- Accounting for goodwill totalling ZMW 13.3 billion which was recognised at acquisition and impaired in 2021. The accounting treatment of goodwill is in accordance with the International Financial Reporting Standards; and
- Certain comparative (2021) amounts in the statement of profit or loss and other comprehensive income have been re-presented such as revenue, cost of sales, other administration expenses , to ensure consistency.

The Company expects to publish its audited Financial Statements by 31 July 2023. In the interim, ZCCM-IH is issuing to the shareholders and the market the unaudited Financial Results for the year ended 31 December 2022. The unaudited financial results for the year ended 2021 were issued in 2022.

3. OUTLOOK

ZCCM-IH continues to position itself to pursue more opportunities in the mining sector. As per ZCCM-IH strategy, which is focused on mining and mining related investments, the Company will seek mutually beneficial investments. ZCCM-IH is pursuing specific projects in gold, manganese, copper, cobalt as way of maximising value extraction and improving shareholder value.

ZCCM-IH's focus going forward continues to be:

- Raising both short-term as well long-term capital to support mining and mining related investments within the group. Critical to this is the raising of adequate capital for Mopani to enable the growth and sustainability of the mine ;
- Implementation of more predictable alternative income streams such as royalty model;
- Continued research and development to support investments in viable mining and mineral value Addition projects;
- Continued implementation of the turnaround plans for loss making investee companies; and
- Divestment from non-viable and non-mining related investments.

By Order of the Board

Charles Mjumphi
Company Secretary

Issued on 29 June 2023

APPENDICES

US DOLLAR ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	US\$'000	US\$'000
Gross (loss)/profit	(161,277)	8,358
Operating (loss)/profit	(196,773)	(676,634)
Net finance income	(106,384)	(44,014)
Share of profit of equity accounted investees	94,026	152,697
(Loss) before tax	(209,131)	(567,951)
Income tax (expense) /credit	(14,634)	3,378
(Loss)/profit for the year	(223,765)	(564,573)
Earnings per share (US\$)	(1.39)	(3.51)
Basic and diluted earnings per share (US\$)	(1.39)	(3.51)

US DOLLAR ABRIDGED COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 31 Dec 2021	Unaudited 31 Dec 2020
	US\$'000	US\$'000
Investment income	288,347	49,203
Revenue from contracts with customers	46	4,057
Operating profit	237,788	93,601
Net finance income	25,851	(12,807)
Profit before tax	263,639	80,794
Income tax credit/(expense)	(13,860)	4,379
Profit for the year	249,779	85,173
Earnings per share (US\$)	1.55	0.53
Basic and diluted earnings per share (US\$)	1.55	0.53

US DOLLAR ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	US\$'000	US\$'000
Assets		
Property, plant, and equipment	756,962	777,599
Exploration and evaluation asset	2,767	2,077
Intangible assets	275,657	280,844
Investment property	11,120	11,541
Investments in associates	840,596	1,024,655
Financial assets at fair value through profit or loss	69,375	87,533
Trade and other receivables	162,390	79,875
Environmental Protection Fund	5,231	5,231
Deferred tax assets	6,805	20,463
Inventories	295,855	280,927
Trade and other receivables	42,256	196,018
Term deposits	295,815	39,248
Cash and cash equivalents	18,234	11,084
Assets held for sale	116,536	88,771
Total assets	2,899,599	2,905,866
Equity and liabilities		
Capital and reserves	627,889	864,049
Borrowings	1,522,053	1,473,659
Retirement benefits	10,134	5,781
Provisions for environmental rehabilitation	67,640	71,973
Bank overdraft	38,118	4,230
Borrowings	47,883	47,883
Trade and other payables	412,750	287,966
Provisions	27,015	22,739
Current tax liabilities	10,533	12,161
Retirement benefits	7,707	14,649
Liabilities directly associated with assets classified as held for sale	127,877	100,776
Total equity and liabilities	2,899,599	2,905,866

US DOLLAR ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2022	Unaudited 31 Dec 2021
	US\$'000	US\$'000
Assets		
Property, plant, and equipment	7,408	6,702
Intangible assets	198	149
Investment property	11,120	11,541
Investments in subsidiaries	22,437	19,688
Investments in associates	900,507	1,236,940
Financial assets at fair value through profit or loss	69,375	87,533
Trade and other receivables	53,076	40,613
Deferred tax assets	14,345	28,104
Inventory	830	1,159
Trade and other receivables	9,629	11,878
Term deposits	295,815	38,003
Cash and cash equivalents	2,525	4,893
Assets held for sale	8,071	25,874
Total assets	1,395,336	1,513,077
Equity and liabilities		
Capital and reserves	1,369,440	1,486,662
Borrowings	-	-
Retirement benefits	514	616
Provisions for environmental rehabilitation	2,180	4,799
Borrowings	-	68
Trade and other payables	6,703	7,017
Provisions	6,021	1,773
Current tax liabilities	10,478	12,142
Total equity and liabilities	1,395,336	1,513,077