



ZCCM INVESTMENTS HOLDINGS PLC

(Incorporated in the Republic of Zambia)

PROVISIONAL ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

STRUCTURE OF THE ZCCM-IH GROUP

The ZCCM-IH Group consist of the following Ten (10) companies:

Name	Shareholding
Mopani Copper Mine PLC	100.00%
Ndola Lime Company Limited	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%
Kansashi 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 2021	Audited 31 Dec 2020
	ZMW'000	ZMW'000
Revenue	14,733,446	113,088
Gross profit	628,560	55,740
Operating loss	(1,070,629)	(579,590)
Net finance income	311,702	944,878
Share of profit of equity accounted investees	3,004,542	1,487,537
Profit before tax	2,245,615	1,852,825
Income tax expense	(248,307)	(221,737)
(Loss)/Profits from discontinued operation	(32,978)	500,399
Profit for the year	1,964,330	2,131,487
Earnings per share (ZMW)	12.22	13.26
Basic and diluted earnings per share (ZMW)	12.22	13.26

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

	Unaudited 31 Dec 2021	Audited 31 Dec 2020
	ZMW'000	ZMW'000
Revenue from contracts with customers	79,837	3,695
Gross profit	2,130	695
Investment income	968,137	226,169
Operating profit/(loss)	675,747	(174,194)
Net finance income	914,013	955,040
Profit before tax	1,589,760	780,846
Income tax expense	(248,745)	(212,415)
Profit for the year	1,341,015	568,431
Earnings per share (ZMW)	8.34	3.54
Basic and diluted earnings per share (ZMW)	8.34	3.54

PROVISIONAL ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	31 Dec 2021	31 Dec 2020
	ZMW'000	ZMW'000
Assets		
Property, plant and equipment	30,604,366	187,727
Intangible assets	2,569	749
Investment property	192,227	183,917
Investments in associates	17,067,159	19,351,000
Financial assets at fair value through profit or loss	1,458,000	292,000
Inventories	4,651,883	55,728
Trade and other receivables	4,494,392	1,295,594
Environmental Protection Fund	87,130	-
Deferred tax assets	-	141,400
Assets held for sale	1,478,569	1,307,400
Term deposits	653,742	194,369
Cash and cash equivalents	184,625	181,209
Total assets	60,874,662	23,191,093
Equity and liabilities		
Capital and reserves	27,127,357	20,899,212
Borrowings	25,343,567	161,370
Deferred tax liabilities	79,257	-
Trade and other payables	4,798,460	174,388
Liabilities associated with assets classified as held for sale	1,678,575	1,423,669
Bank overdraft	70,449	10,034
Provisions	31,425	121,177
Retirement benefits	340,288	13,194
Provisions for environmental rehabilitation	1,202,588	173,522
Current tax liabilities	202,696	214,527
Total equity and liabilities	60,874,662	23,191,093

PROVISIONAL ABRIDGED GROUP STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 2021 ZMW'000	Audited 31 Dec 2020 ZMW'000
Net cash flow generated/(used) from operating activities	672,082	(183,930)
Net cash (used)/generated from investing activities	(358,351)	284,417
Net cash(outflow)/inflow from financing activities	(402,675)	158,655
(Decrease)/Increase in cash and cash equivalents	(88,944)	259,142
Cash and cash equivalents at the beginning of the year	425,005	165,863
Cash and cash equivalents at the end of the period	336,061	425,005
Included in cash and cash equivalents	114,176	171,175
Included in assets held for sale	221,885	253,830
	336,061	425,005

PROVISIONAL ABRIDGED COMPANY STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 2021 ZMW'000	Audited 31 Dec 2020 ZMW'000
Net cash inflow /(outflow) from operating activities	571,543	(124,291)
Net cash (used)/generated from investing activities	(486,227)	31,916
Net cash (outflow)/inflow from financing activities	(124,457)	158,655
(Decreased)/Increase in cash and cash equivalents	(39,141)	66,280
Cash and cash equivalents at the beginning of the year	120,639	54,359
Cash and cash equivalents at the end of the period	81,498	120,639

PROVISIONAL ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 31 Dec 2021 ZMW'000	Audited 31 Dec 2020 ZMW'000
Balance at 1 Jan	20,899,212	12,629,831
Profit for the year	1,964,330	2,131,487
Other comprehensive income	4,316,891	6,190,959
Dividend paid	(53,076)	(53,065)
Balance at 31 Dec	27,127,357	20,899,212

PROVISIONAL ABRIDGED COMPANY STATEMENT OF CHANGES IN EQUITY

	Audited	Audited
	31 Dec	31 Dec
	2021	2020
	ZMW'000	ZMW'000
Balance at 1 Jan/April	16,459,336	9,484,935
Profit/(loss) for the year	1,341,015	568,431
Other comprehensive income	905,171	6,459,035
Dividend paid	(53,076)	(53,065)
Balance at 31 Dec	<u>18,652,446</u>	<u>16,459,336</u>

1. FINANCIAL PERFORMANCE

ZCCM-IH's Group performance reported a profit for the year of ZMW1.9 billion (2020: ZMW2.1 billion) mainly due to increase in share of profits recorded from investee companies of ZMW3.0 billion (US\$ 152 million) from ZMW1.5 billion (US\$79 million) recorded in 2020. The performance of investee companies operating in the mining sector was boosted by the bullish copper prices experienced for the most part of 2021.

In 2021, the Group recorded a cash position of ZMW336 million compared to ZMW425 million recorded in 2020. The reported reduction in cashflow position is mainly due to repayment of loans and advances by Mopani Copper mines.

In 2021, the Group recorded increased total assets from ZMW23.19 billion (2020) to ZMW 60.87 billion following the acquisition of additional 90% equity stake in Mopani. Mopani's assets account for 67% of the group's total assets.

Similarly, the Group's total liabilities increased from ZMW2.3 billion (US\$ 107 million) in 2020 to ZMW33.7 billion (US\$ 2.03 billion) in 2021 mainly on account of the Glencore long-term loan facility advanced to Mopani of US\$1.5 billion.

1. KEY OPERATIONS AND STRATEGIC DEVELOPMENTS

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

Shareholders are referred to the announcements by ZCCM-IH released on SENS on 21st December 2020, 8th January 2021 and 20th January 2021 regarding the acquisition of 90% shareholding in Mopani Copper Mines Plc on 31st March 2021. Refer to the said announcements for detailed transaction terms and conditions.

Following the 90% acquisition of Mopani, these Abridged Group financial statements include the 9 months performance of Mopani which has contributed ZMW1.32 billion loss, ZMW38.69 billion in assets and ZMW31.36 billion in liabilities to the Group. Below is a summary of Mopani's performance assets and liabilities included in the abridged Group Financial Statements:

Statement of Profit and Loss and Other Comprehensive - Mopani Copper Mine Plc	ZMW'000
Revenue	14,492,315
Gross profit	594,155
Operating loss	(713,764)
Net finance income	(604,157)
Profit before tax	(1,317,921)
Income tax expense	-
Profit for the year	(1,317,921)
Statement of Financial Position - Mopani Copper Mine Plc	ZMW'000
Property, plant and equipment	30,361,795
Inventories	4,564,849
Trade and other receivables	3,595,239
Environmental Protection Fund	87,130
Cash and cash equivalents	78,469
Total assets	38,687,482
Equity and liabilities	
Capital and reserves	7,327,440
Borrowings	25,342,432
Trade and other payables	4,606,105
Bank overdraft	65,743
Retirement benefits	330,032
Provisions for environmental rehabilitation	1,015,730
Total equity and liabilities	38,687,482

Subsequent to the acquisition of Mopani by ZCCM-IH, the key strategic needs of Mopani include the completion of the expansion projects which are estimated to cost about

USD300 million broken down as follows: Synclinorium Shaft (USD100 million), Mindola Shaft (USD110 million), Henderson Shaft (USD40 million), the new Nkana Concentrator (USD5 million), and the Tailings Storage Facility (USD45 million).

Mopani's copper production was 87,618 tonnes during the year. Copper production was restricted by the funding constraints. In addition, Mopani recorded loss for the 9 months period due to high cost of production and huge finance costs related to loans from Glencore group and is therefore unable to declare and pay dividends in the immediate future.

Going forward, key for Mopani will be the completion of the expansion projects which are estimated at US\$300 million, and once implemented production of finished copper cathode is expected to increase to 225,000 tonnes by 2026. Mopani will also have the capacity to hoist close to 9 million tonnes of copper ore in the long term.

In June 2022, ZCCM-IH announced the engagement of an international investment bank, Rothschild & Co., South Africa (Pty) Ltd ("Rothschild & Co.") to assist the Company with the strategic review of Mopani to ensure its sustainability and continued development. Rothschild & Co is a leading global financial services group, with a history of over 200 years at the Centre of the world's financial markets. It is expected that this process will be concluded within a period of six (6) months from the date of contract award, with the ability to extend for a further 6-month period, considering progress to date and the closing provisions of any transaction agreements that have been signed.

The Board of ZCCM-IH will update the market on the results of this exercise in due course.

(II) Zambia Gold Company Limited ("ZGC" or "Zambia Gold")

As previously announced, effective 22 October 2021, the mining and processing operations at Kasenseli Gold Mine ("Kasenseli Mine") in Mwinilunga, North-Western Province were suspended following a ministerial directive from the Ministry of Mines and Minerals Development to suspend operations and address concerns relating to Kasenseli Mine's license conditions and safety regulations. The concerns raised by the Ministry mainly related to safety and security, amongst others. Zambia Gold has managed to address all key safety and security matters and the remaining concerns are matters that are expected to be attended to at the mine site.

On 31 May 2022, the Mines Safety Department lifted the suspension of mining and processing operations at Kasenseli Gold Mine in Mwinilunga, Mining licence and directed that full gold production and mining processing shall only commence upon fulfillment of the statutory obligation which included amongst others :

- Obtaining consent and social licenses for commencement of mining operations from traditional leadership;
- Installation of storage facility for fuel on site, in line with the mining regulations of 2006; and
- Other safety, health, and environmental matters among others.

The remaining said environmental matters are expected to be addressed once the mine re-starts its operations

Zambia Gold is currently in engagements with key stakeholders to reach agreement and conclusion on matters which will lead to resumption of operations at Kasenseli Mine. ZGC has not recorded any production of gold or sales during this period.

(III) ZCCM-IH group rationalization

Shareholders will recall the previous Market Announcements of June 2021, in relation to the Group Restructuring and Reorganization Agreement (asset swap), pursuant to which the ZCCM-IH conditionally agreed to disposing off its entire shareholding holding in Investrust Bank PLC and Mushe Milling Limited of 74.1 % and 100% respectively, in exchange of IDC's equity stake of 25% in Kagem Mining Limited. As disclosed in the Announcements, the parties to the Group Restructuring and Reorganization Agreement, agreed that Completion shall take place once all stipulated conditions precedent were met. Following IDC's recent review of the proposed asset swap, it has been decided not to proceed with the transaction.

ZCCM-IH is currently undertaking a review of strategic options going forward for the affected assets.

(IV) Security and guarantee of US\$100 million KCM Trafigura Transaction

In October 2021, the Company announced the pledge of US\$200 million worth of ZCCM-IH's shareholding in Kansanshi Mining PLC and execution of a corporate guarantee in favour of Trafigura as security for a US\$100 million prepayment transaction to KCM by Trafigura. The prepayment carries an interest rate of Libor plus 7% and is repayable by KCM through copper deliveries to Trafigura monthly for a period of 18 months with a 6-month moratorium.

In June 2022, Trafigura signed a Deed of Release in which the parties agreed to discharge the ZCCM-IH pledged US\$200 million worth of its shareholding in Kansanshi Mining PLC under this transaction. Therefore, only the ZCCM-IH corporate guarantee remains as the security under this facility.

(V) ZANACO US\$10 million Corporate Guarantee

After the yearend, ZCCM Investments Holdings Plc, provided a Corporate Guarantee in favour of ZANACO amounting to US\$10 million on behalf of Konkola Copper Mines Plc. The guarantee is valid until 31 December 2022 and comprises:

- (i) A US\$8 million Standby Letter of Credit ("SBL") by ZANACO Plc in favour of Trafigura, the suppliers of copper concentrates to KCM and buyers of the finished copper, and.
- (ii) A US\$2 million overdraft facility.
- (iii) Promissory note issued in favour of ZCCM-IH by Ministry of Finance for the Corporate Guarantee.

(VI) Reorganisation of Ndola Lime Company Limited("NLC") to Limestone Resources Limited

Limestone Resources Limited ("LRL") commenced operations on 1st September 2020, having acquired all NLC assets and licenses through a restructuring process. The company has nearly 29 million tonnes of limestone deposits and has three installed processing Kilns, the Rotary Kiln (RK), the Vertical Kiln 1 (VK1), and the Vertical Kiln 2 (VK2).

The RK has been decommissioned and is currently not operational. VK2 is the newest Kiln at LRL but has not been fully commissioned to reach nameplate production capacity. LRL management have recently modified VK2 to make it semi-automatic and be able to use coal as the firing system in place of an expensive Heavy Fuel Oil (HFO) which was being used in VK1.

ZCCM-IH continues to explore options related to the long-term funding needs of LRL to be able to secure its long-term future by carrying out major repairs across its mining and processing equipment. The process of engaging a Strategic Equity Partner for LRL to secure long term funding is still on going.

(VII) Delayed publication of the ZCCM-IH group financial statements for 2021

ZCCM-IH is yet to publish its financial statements for the year ended 31 December 2021. The hold up to issuance of the said financial statements has been occasioned by the delayed completion of the audit of the financial statements. The financial statements audit for the year 2021 awaits completion of fair valuation of assets and liabilities related to the acquisitions of 90% shares of Mopani as of 31 March 2021. The fair valuation exercise is in progress and ZCCM-IH anticipates completion before the end of the year and the audit will then be finalised upon completion of the said fair valuation and the audited financial statement issued thereafter.

2. **OUTLOOK**

ZCCM-IH continues to position itself to pursue more opportunities in the mining sector. As per ZCCM-IH strategy, which is to promote mineral value addition, the Bilateral Corporation agreements between Zambia and DRC that will promote and provide an opportunity for ZCCM -IH to participate in the Electric Vehicle Battery Value Chain. As the framework of these agreements is being formulated, ZCCM-IH will continue exploration activities as well as push for the acquisition of new licenses not only for Copper and Cobalt but also other strategic minerals such as Gold, Manganese and Gemstones to diversify the country's mineral basket.

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

- Raising capital for Mopani Copper Mines for both short- and long-term requirements which will enable growth and sustainability of mine operations;
- Implementation of alternative income streams such as royalty model, metal trading among others, to have consistent and predictable income;
- Participate in the supply chain business of mining consumables for companies in ZCCM-IH's portfolio;
- 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

Chabby Chabala
Company Secretary

Issued on 28 October 2022

LUSAKA SECURITIES EXCHANGE BROKER



Pangaea Securities Limited
[a member of the Lusaka Securities Exchange]
Regulated and Licensed by the Securities and Exchange Commission Zambia
Telephone Number: +260 211 220707 | Website: www.pangaea.co.zm

APPENDICES

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

	Unaudited 31 Dec 2022	Audited 31 Dec 2020
	US\$'000	US\$'000
Revenue	748,783	6,070
Gross profit	31,945	2,992
Operating loss	(54,412)	(31,109)
Net finance income	15,841	50,716
Share of profit of equity accounted investees	152,697	79,845
Profit before tax	114,126	99,452
Income tax expense	(12,619)	(11,902)
(Loss)/Profits from discontinued operation	(1,676)	26,859
Profit for the year	99,831	114,409
Earnings per share (US\$)	0.62	0.71
Basic and diluted earnings per share (US\$)	0.62	0.71

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

	Unaudited 31 Dec 2021	Audited 31 Dec 2020
	US\$'000	US\$'000
Revenue from contracts with customers	4,057	198
Gross profit	108	37
Investment income	49,203	12,140
Operating (loss)/profit	34,343	(9,350)
Net finance income	46,452	51,263
Profit before tax	80,795	41,913
Income tax expense	(12,642)	(11,402)
Profit for the year	68,153	30,511
Earnings per share (US\$)	0.42	0.19
Basic and diluted earnings per share (US\$)	0.42	0.19

US DOLLAR ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2021 US\$'000	Audited 31 Dec 2020 US\$'000
Assets		
Property, plant and equipment	1,562,523	16,688
Intangible assets	232	140
Investment property	11,541	15,397
Investments in associates	1,024,655	914,768
Financial assets at fair value through profit or loss	87,533	13,804
Inventories	238,575	4,989
Trade and other receivables	269,828	61,246
Environmental Protection Fund	5,231	-
Deferred tax assets	-	6,684
Assets held for sale	88,768	61,804
Term deposits	39,248	9,188
Cash and cash equivalents	11,084	8,566
Total assets	3,339,218	1,113,274
Equity and liabilities		
Capital and reserves	1,313,144	1,004,932
Borrowings	1,521,542	7,628
Deferred tax liabilities	4,758	-
Trade and other payables	288,083	8,244
Liabilities associated with assets classified as held for sale	100,776	67,300
Bank overdraft	4,230	474
Provisions	1,887	5,728
Retirement benefits	20,430	624
Provisions for environmental rehabilitation	72,199	8,203
Current tax liabilities	12,169	10,141
Total equity and liabilities	3,339,218	1,113,274

US DOLLAR ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2021 US\$'000	Audited 31 Dec 2020 US\$'000
Assets		
Property, plant and equipment	6,702	6,733
Intangible assets	149	58
Investment property	11,541	14,563
Investments in subsidiaries	19,688	13,079
Investments in associates	1,236,940	976,969
Financial assets at fair value through profit or loss	87,533	13,804
Trade and other receivables	52,491	59,402
Assets held for sale	25,874	18,548
Term deposits	38,003	9,188
Inventory	1,159	738
Cash and cash equivalents	4,893	5,703
Total assets	1,484,973	1,118,785
Equity and liabilities		
Capital and reserves	1,121,654	787,049
Borrowings	68	7,628
Deferred tax liabilities	336,904	300,215
Trade and other payables	7,017	4,848
Provisions	1,773	5,659
Retirement benefits	616	510
Provisions for environmental rehabilitation	4,799	3,148
Current tax liabilities	12,142	9,728
Total equity and liabilities	1,484,973	1,118,785