COPPERBELT energy

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ANNUAL REPORT 2022

INTERACTIVE PDF EDITION

Copperbelt Energy Corporation PLC

Annual Report and Financial Statements for the year ended 31st December 2022

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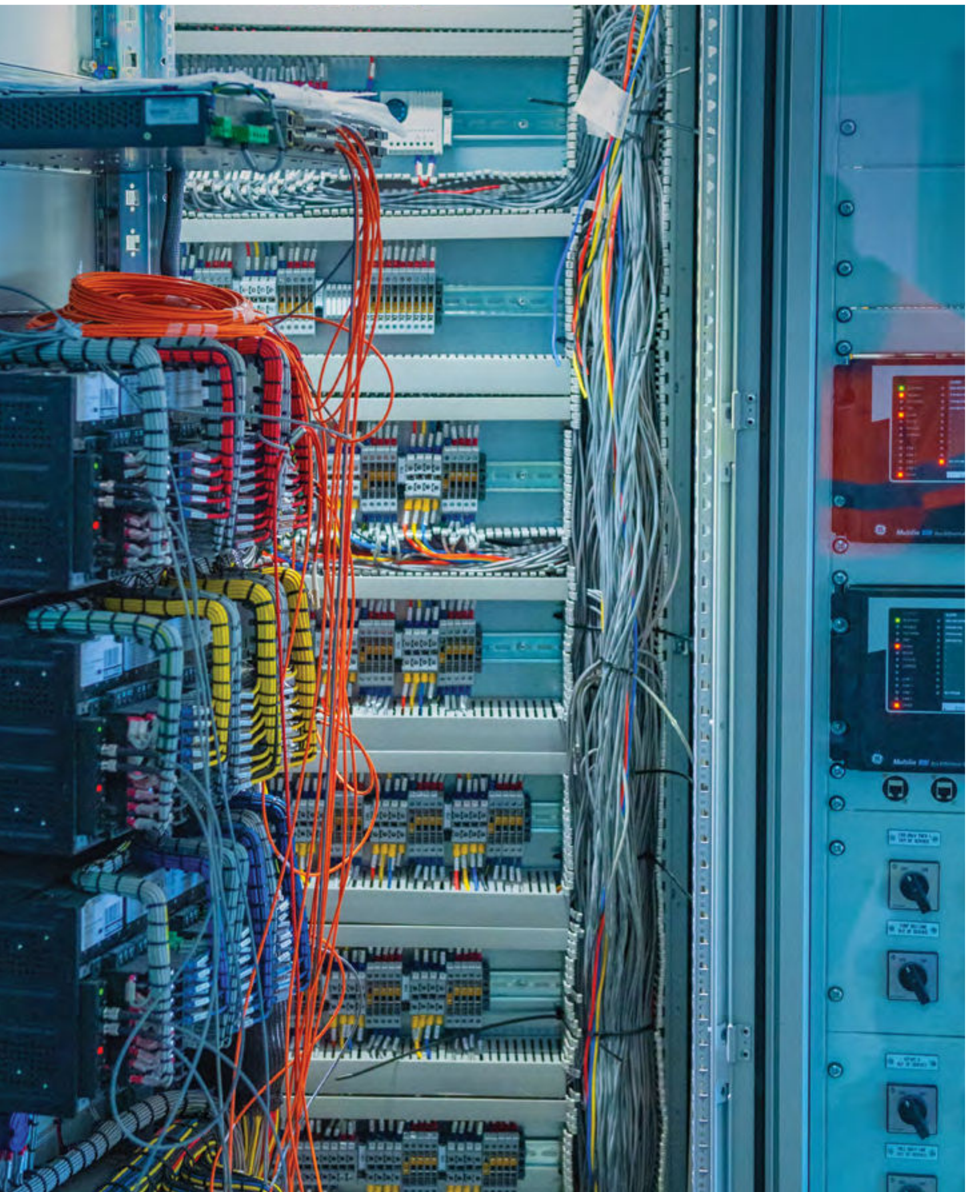

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1. OVERVIEW

CEC IN NUMBERS

27
MINE CUSTOMERS

2
NON-MINE CUSTOMERS

114MW
POWER GENERATION CAPACITY
34MW SOLAR PV
80MW THERMAL

USD510m
POWER ASSETS
1,000KM+ OF TRANSMISSION AND DISTRIBUTION LINES
- **220KV – 346.2KM**
- **66KV – 670KM**
- **11KV – 21.6KM**

43 HIGH VOLTAGE SUBSTATIONS
186 TRANSFORMERS
487 CIRCUIT BREAKERS

156.4KM OF 220KV
TRANSMISSION INTERCONNECTION WITH THE DRC

2,378
DIRECT & CONTRACT LABOUR IN 2022

OFFICES IN
2 COUNTRIES
ZAMBIA & DRC

4
SUBSIDIARIES
2
ASSOCIATES

5,000+
RETAIL AND INSTITUTIONAL SHAREHOLDERS

USD179m
DISTRIBUTED TO SHAREHOLDERS IN DIVIDENDS SINCE 2018

USD10.2m
SOCIAL INVESTMENT SINCE 2018

320MW
3-YEAR PIPELINE OF RENEWABLE ENERGY PROJECTS (SOLAR PV & WIND)

AWARDS IN 2022

MOST OUTSTANDING CORPORATE OF THE YEAR
KITWE & DISTRICT CHAMBER OF COMMERCE AND INDUSTRY

BUSINESS EXECUTIVE OF THE YEAR
KITWE & DISTRICT CHAMBER OF COMMERCE AND INDUSTRY
PRESENTED TO MR. OWEN SILAVWE

GREEN AWARD
ZAMBIA ENVIRONMENTAL MANAGEMENT AGENCY

GREEN AWARD
LUSAKA SECURITIES EXCHANGE

SUSTAINABILITY AWARD
LUSAKA SECURITIES EXCHANGE

LEADERSHIP AWARD
LUSAKA SECURITIES EXCHANGE
PRESENTED TO MR. OWEN SILAVWE

ABOUT THIS REPORT

This annual report for the financial year ended 31st December 2022, covering Copperbelt Energy Corporation PLC ("CEC" or the "Company") and its subsidiaries (together, "the Group") made pursuant to the:

- Companies Act, 2017
- Securities and Exchange Act, 2016
- International Financial Reporting Standards
- LuSE Listing Rules

The annual report and financial statements comprehensively detail the Group's financial and operational performance in 2022, its strategy and value creation. The outlook information contained herein indicates our goals and objectives for future years, including how the industries we operate in and serve will transition and transform, and how we are preparing for those inevitable changes.

In the 2022 annual report, the Group has centred more on sustainability throughout the report, identifying the environmental, social and governance factors with the most effect and consequence for the business and industry at present and in the future. The information contained in this report is intended for and will be used by a large audience of different stakeholders, including our existing shareholders, potential investors, regulators, the government, our current and potential customers and our employees.

Throughout this report, frequently used terms are written in abbreviated format, with the long form terms explained in the glossary at pages 7-10.

RESPONSIBILITY AND ASSURANCE

The Board of Directors is responsible for ensuring the integrity of this annual report. The Board has assured that to the best of its knowledge and belief, the 2022 annual report and financial statements of the CEC Group address and fairly present all the material issues.

The Audit and Risk Committee of the Board retains oversight of the preparation of this report and has satisfied itself with the accuracy and completeness of the information contained herein.

The external auditor, PwC, has audited the annual financial statements and has given its independent report on page 78.

FORWARD-LOOKING INFORMATION

This report contains financial and non-financial forward-looking statements about the Company's performance and position. We believe that while all forward-looking information contained herein is realistic at the time of publishing this report, actual results in future may differ from those anticipated. We take no responsibility to revise or update these forward-looking statements to reflect events or circumstances that arise after the statements have been made.

STAKEHOLDER ENGAGEMENT

Our investor and stakeholder contact information is on page 172.

London Mwafulilwa
Chairman

Owen Silavwe
Managing Director

Date: 24th March 2023

SUPPLEMENTARY INFORMATION

Glossary of terms and abbreviations

Throughout this annual report, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below. Reference to the singular shall include the plural and vice versa, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons.

"Act" or "Companies Act"	the Companies Act, 2017
"Adjusted EBITDA	EBITDA adjusted for impairment (loss)/gain, write backs and gain/(loss) on disposal
"AGM"	The annual general meeting of the members or shareholders of CEC or the Company
"Articles"	the Articles of Association of the Company (CEC)
"the Board" or "the Directors"	the Board of Directors of CEC as at the date of this annual report and "Director" shall be construed accordingly
"BSA"	the bulk supply agreement between CEC and ZESCO Limited, from 1997 to 2020
"CA" or "CAs"	Connection Agreement(s) entered into between CEC and its customers
"CBU"	The Copperbelt University
"CEC" or "the Company"	Copperbelt Energy Corporation PLC (Registration number 39070), a public company incorporated in accordance with the laws of Zambia and listed on the LuSE
"CEC-DRC Sarl"	CEC DRC Sarl (registration No. CD/LSH/RCCM/18-B-00132), a Limited Liability Company incorporated in accordance with the laws of the Democratic Republic of Congo
"CEC-KHPL"	CEC-Kabompo Hydro Power Limited (Registration number 99488), a company registered in Zambia
"Certificated Shares"	CEC shares which have not yet been dematerialised in terms of the requirements of CSD, title to which is represented by a share certificate or other documents of title
"CGU"	Cash Generating Unit
"Chambishi"	Chambishi Metals Plc, a customer of CEC
"Chibuluma"	Chibuluma Mines Plc, a customer of CEC
"CNMC LCM"	CNMC LCM Luanshya Copper Mines, a customer of CEC
"Copperbelt"	the mining area of Zambia, which is centred around the Copperbelt Province of Zambia
"Corporate Governance Code"	the corporate governance code of the LuSE
"COVID-19"	the novel coronavirus disease, SARS-CoV-2, declared a pandemic by the World Health OrganiSation in March 2020
"CSR"	Corporate social responsibility
"CSI"	Corporate social investment
"CTA"	Common Terms Agreement
"CSD" or "LuSE CSD"	the Central Securities Depository maintained by the LuSE
"Dangote"	Dangote Industries Zambia Limited and the thermal power plant at the Dangote cement manufacturing plant
"Dematerialised Shareholders"	CEC shareholders who hold Dematerialised Shares in CEC
"Dematerialised Shares"	CEC shares which are held through the CSD and are no longer evidenced by a share certificate or other documents of title
"DFI"	Development finance institution
"Dividend"	a distribution of a portion of the Company's earnings, decided by the Board of Directors, paid to shareholders

"Documents of Title"	share certificates, certified transfer deeds, balance receipts, or any other documents of title to CEC shares
"DPS"	dividend per share
"DRC"	Democratic Republic of Congo
"EBITDA"	Earnings Before Interest, Tax, Depreciation and Amortisation
"ECL" or "ECLs"	Expected credit loss(es)
"EPS" or "Earnings Per Share"	earnings attributable to each CEC share, calculated by dividing the Company's profit attributable to shareholders by the weighted average number of issued CEC shares
"ERB"	Energy Regulation Board, Zambia's energy sector regulatory body established under the Energy Regulation Act Chapter 436 of the Laws of Zambia
"ESG"	Environment, social and governance
"ESIA"	Environmental Social Impact Assessment
"ESMP"	Environmental and Social Management Plan
"FY"	the appropriate financial year-end reporting date for the defined year
"GET FiT Zambia"	a programme designed to assist the Zambian Government in the implementation of its Global Renewable Energy Feed-In Tariff Strategy and aims to procure and support Independent Power Producer projects of up to 20MW each
"GHG(s)"	Greenhouse gas emissions
"Golden Share"	"Golden Share" or "Special Share" is a share in CEC that may only be issued to, held by and transferred to the Minister responsible for Finance or his successor or a nominee on his behalf or any other Minister or other Person acting on behalf of GRZ, the Special Shareholder
"GRZ"	the Government of the Republic of Zambia
"GRZ Nominated Member"	the Board member appointed by GRZ, pursuant to the Golden Share, usually the Permanent Secretary of the Ministry of Energy as shall be designated as such by the Minister from time to time
GWh	Gigawatt hours, a unit of energy representing one billion (1,000,000,000) watt hours and equivalent to one million kilowatt hours. Gigawatt hours are often used as a measure of the output of large electricity power stations
"HFO"	Heavy Fuel Oil
"HSES"	Health, Safety, Environment and Social
"HSE"	Health, Safety and Environment
"HV"	High Voltage
"IAS"	International Accounting Standards
"IASB"	International Accounting Standards Board
"ICT"	Information and Communication Technologies
"IFRS"	the International Financial Reporting Standards and Interpretations adopted by the IASB and the International Financial Reporting Interpretations Committee of the IASB
"IMS"	Integrated Management System
"IPP"	Independent power producer
"IRU"	Indefeasible right of use in relation to the excess capacity on the CEC Telecoms Assets by Liquid Telecom
"ISO"	International Organisation for Standardization
"Kabompo"	the Kabompo Gorge Hydroelectric Power Project, located in the North-Western Province of Zambia
"KCM"	Konkola Copper Mines Plc, a customer of CEC

"KM" or "km"	Kilometres, a measure of distance equivalent to 1,000 metres
"KPIs"	Key performance indicators
"kV"	Kilovolts, a unit of electromotive force equal to 1,000 volts
"LHPC" or "Lunsemfwa"	Lunsemfwa Hydropower Company Limited, a hydropower power IPP located in the Central Province of Zambia
"Listings Requirements"	the Listings Requirements of the LuSE, as amended from time to time
"LTA"	Lost Time Accident
"LTIFR"	Lost Time Injury Frequency Rate
"LTISR"	Long Term Injury Service Rate
"Lubambe"	Lubambe Copper Mine Limited, a customer of CEC
"LuSE"	the Lusaka Securities Exchange Limited (Registration number 120120030495), a company incorporated in Zambia and licensed to operate as a stock exchange under the Securities Act, No. 41 of 2016
"MCM" or "Mopani"	Mopani Copper Mines Plc, a customer of CEC
"MoE"	Ministry of Energy
"Mutende"	Mutende Community Service Group, a voluntary charitable association of CEC employees
"MW"	Megawatt(s), a unit of power equal to one million watts
"NAV"	Net asset value
"NEP"	the National Energy Policy of 2019
"Net Asset Value Per Share" or "NAV per share"	CEC shareholders' equity, as determined by deducting liabilities from assets, divided by the weighted average number of CEC shares in issue
"NFCA"	NFC Africa Mining Plc, a customer of CEC
"PACRA"	the Patents and Companies Registration Agency of Zambia, established pursuant to section 3 of the Patents and Companies Registration Agency Act No. 15 of 2010, as amended
"PAT"	profit after tax
"PBT"	profit before tax
"Person"	a natural individual or body corporate with legal capacity
"Power Dynamos" or "PDFC"	Power Dynamos Football Club, a Zambian super league side fully sponsored by the Company
"PPDF"	the Public Private Dialogue Forum, a platform for structured, participatory and inclusive engagement between private and public sector economic players in Zambia on policy and socio-economic development
"PPE"	Personal protective equipment;
"PSA"	Power Supply Agreement (between CEC and each of its customers)
"Register"	means the register of Certificated Shareholders maintained by CEC and the sub-register of Dematerialised Shareholders maintained by the Transfer Secretary
"ROA"	Return on assets
"ROE"	Return on equity
"RTA"	Road traffic accident
"RTAFR"	Road Traffic Accident Frequency Rate
"RTI"	Road traffic incident
"SADC"	the Southern African Development Community, a 16-member inter-governmental organisation whose goal is the furtherance of socio-economic cooperation and integration, and political and security cooperation

"SAPP"	the Southern African Power Pool, an arrangement for, *inter alia*, co-operation in matters of electricity generation and distribution between member states, including Zambia
"SCADA"	Supervisory Control and Data Acquisition
"SCPE"	Standard Chartered Private Equity, formerly a division of Standard Chartered Plc, which is a bank holding company registered in England (Registration Number 966425)
"SDGs"	Sustainable Development Goals, the core of the global compact – The 2030 Agenda for Sustainable Development – anchored by and through the United Nations. The SDGs are an urgent call for action by all countries to pursue peace and prosperity for people and the planet, now and into the future
"SEC"	the Securities and Exchange Commission Zambia, a statutory body established under the Securities Act
"SENS"	the Securities Exchange News Service of the LuSE
"Shareholders"	registered holders of CEC Shares
"Shares"	ordinary shares of CEC with a par value of ZMW0.01 each in the authorised and issued share capital of the Company
"SHE"	Safety, Health and Environment
"SNEL"	Société Nationale d'Électricité, the national power utility of the DRC
"Solar PV"	Solar Photovoltaic, a power system designed to supply usable solar power by means of photovoltaics
"Transfer Agent" or "Transfer Secretary"	Corpserve Transfer Agents Limited (Registration number 120080074349), a company registered in Zambia and providing share transfer secretarial services to CEC
"UK"	United Kingdom
"USD" or "US$" or "$"	United States Dollars
"VFL"	Visible Felt Leadership
"Volts"	a standard unit used to measure the force of an electric current
"WHO"	the World Health Organisation
"Zambia"	the Republic of Zambia
"ZCCM-IH"	ZCCM Investments Holdings Plc (Registration number 119540000771), a company registered in Zambia
"ZECI"	Zambian Energy Corporation (Ireland) Limited (Registration number 414474) a company registered in Ireland
"ZEMA"	Zambia Environmental Management Agency
"ZESCO"	ZESCO Limited, the national power utility of Zambia
"ZMW"	Zambian Kwacha, the legal tender of Zambia
"ZRA"	the Zambia Revenue Authority, the state revenue collector of Zambia

2. HIGHLIGHTS

CHAIRMAN'S LETTER TO SHAREHOLDERS

USD50.8m
PROFIT

USD50.4m
DIVIDEND

240,000
TREES PLANTED

449MW
AVERAGE LOCAL MINES CAPACITY SOLD

The optimism in the future of the business that the Board of Directors and the management share and carry has informed the decisions we have taken in the year and the results we are reporting. Having clocked 25 years of successful operations in November, I cannot help but reflect on the path the Company has taken over the years, and the singularity of purpose in terms of achieving success. Today, we are an innovating industry leader with regional scale and occupying an advantaged position for delivering sustainable energy solutions, not only for our customers but also to enable the tackling of pressing societal and economic challenges.

The year in brief

2022 was a good year for us. Our profitability of USD50.8 million is comparable to the prior year's profit despite a doubling of provision for impairment losses at USD24.1 million (2021: USD12.6 million). There was general improvement in the financial and operational performance in the year.

From a shareholder returns perspective, the Company paid the largest single dividend to date, of USD50.4 million, in keeping with our policy to return not less than half of CEC's profitability to our stockholders for having entrusted in us the responsibility to create value for them. Our investors have, despite many challenges over the years, kept their faith in us and believed in the future of the business under our captaincy.

On the turnover front, we recorded increased revenue translated in part from the growth in power flows through our network in 2022. The growth came from all of our business lines, led by regional power sales which increased by USD12.3 million. Wheeling recorded a noticeable bump due to a tariff adjustment and increased power flows by third parties to the DRC. Local sales remained our largest segment, going up 9% over 2021. Overall, these segments contributed 14%, 45% and 9% respectively to our revenue.

You will find the detailed financial performance report and insights in our Chief Financial Officer's report and the financial statements from pages 85 and 144.

Financial success is only one measure of our performance. Operating in the energy industry keeps us alive to some of the pressing challenges of our time and I can, with pride, share with you that transitioning the business to higher sustainability is well underway. In 2022, we made significant strides in decarbonizing our operations, transitioning our generation, and sourcing mix and improving circularity. We captured more than four times the level of carbon as we did the previous year through tree-planting alone, while our circular economy initiatives enabled us to reduce the amount of carbon we could have emitted into the atmosphere by avoiding to create or procure new products and processes in preference to reusing, recycling and repurposing. We allocated a significant portion of capital to developing one of our solar power resources, enabling us to grow our assets while also reducing our carbon footprint.

This report, compared to previous ones, delves more into how we are creating a sustainable future for the business, the challenges and gaps we have identified and how we plan on closing those; in terms of actions, data capture, analysis and reporting. You will find these insights and context throughout the report.

For their loyalty and placing the responsibility of powering their businesses in our hands, we extend ourselves every day to serve our customers beyond their expectations and holding ourselves up to very stringent internally set markers. We maintained our quality of supply above the minimum standards set for the industry, exceeding regulatory benchmarks, in keeping with our consistency. While these high levels of quality performance are continuously beset by criminality through vandalism and theft, we forge ahead undeterred devising solutions that insulate our customers from the worst of these despicable acts, despite the high cost inflicted on the business. These measures and the full operations performance report for the year are discussed on page 36 through to 53.

I alluded earlier to the societal challenges of our time, and the role we are playing in the collective governmental and corporate effort to respond to those challenges which, left unheeded, not only threaten but actually undermine achievement. One that cuts across, and which we consider an important lever for value-creation, but for which resources and facilities remain acutely inadequate is health. Fresh from the devastating impact that COVID-19 wreaked on global business and from whose shadows we are yet to fully emerge, we find that achieving good health and well-being cannot be separated from having access to clean water and sanitation and affordable clean energy. Hence, we particularly make quality health access and provision core to our business and social sustainability. In the past year, we determined to spend a significant portion of our social investment budget on improving paediatric healthcare delivery at one of our major hospitals in the Copperbelt Province. The project is underway and headed for completion in the ensuing year.

We kept up our vigilance towards COVID-19 prevention even as the national disease incidence rate plummeted. Keeping our guard up not only ensures that we do not lapse under the lull of falling disease statistics but also helps us to perfect systems and reach high levels of awareness among our employees, a factor that contributed to our achieving nearly 80% vaccination penetration, a leap beyond 30% from 2021.

Leadership

We believe that with regard to the challenges we had consistently reported on, stretching from 2020, we have turned a corner. We take our performance in 2022 as a show of our strengthened leadership position, which may be judged from our recovery in capital expenditure for power network maintenance and operation, development of new renewable power generating assets, the resilience of our people and systems during the pandemic, our growth in earnings, a strong balance sheet and increased dividend distribution to our shareholders.

I commend the Board for having steered the business to a sturdy position in readiness to execute our business strategy for the period to 2027, and to seize the opportunities presented in the plans of the different governments in the region as well as the transforming energy landscape.

While these difficulties are now behind us, they do not spell the end to the impediments the business shall encounter, now or in the future. The Board guides and works with management in ensuring that not only are the potential risks to the business and the accompanying mitigants accurately identified and mapped, but that there is a sound process to identify and assess the efficacy of those mitigation mechanisms. These systems and processes affect the Company's performance on the other ESG factors, ultimately affecting its sustainability and creation of value. Our approach to enterprise risk management stems from our belief that the Board is an important source of advice to management, equally executing its oversight role over management on behalf of the shareholders.

The road ahead

Energy sits at the heart of debate, discussion and action required for a future in which the finite and destructible interactions of individuals and organisations with the natural environment are halted and reversed.

We believe that achieving the transition to energy systems that produce and consume less carbon that we, and the world, desire requires well-planned and pragmatic steps backed by capital allocation decisions that speak to the attainment of those targets. In that regard, our power system meets the fundamental requirements to initiate and support the transition we have embarked on. Our network has many times proved resilient to various shocks, including economic. However, we do not forge ahead naively.

We know that the structural changes to the global electricity generating profiles that are underway or anticipated are inevitable. We have recognized that electricity systems are being pummeled by climate change, leading to more extreme weather patterns. In our case, more dry weather and flash flooding which are inimical to hydropower-based generation - the predominant source in Zambia. Another factor is digitalisation of power systems, which despite their

2
HIGHLIGHTS

CHAIRMAN'S LETTER TO THE STAKEHOLDERS >> CONT >>

cost and efficiency advantages render systems more prone to cyberattacks.

CEC has positioned itself to not be found a laggard but among the frontrunners in our region. In 2022, our CAPEX included USD22.0 million invested in developing 33MW of solar PV capacity. The plant was completed and powered in February 2023, post the reporting period. Over the course of our current strategic period, we should bring online more than 300MW in renewables, as we walk the talk to our net zero attainment target date of 2027.

From an estimate of up to 260GW of solar PV that the world added in 2022, Africa's share was nearly 1GW. The flow of investments into renewable energies in Africa is still dismal, despite the abundance of these resources. This can be taken as a silver lining wherein African utilities and governments utilize the period before the expected increase in investment inflows is actualized to devise long term strategies. These strategies should focus on strengthening their power infrastructure to support the deployment of renewable energy. To that end, CEC expects to spend in excess of USD200 million in new transmission and distribution infrastructure to support the energy transition.

We also recognize that a clean energy future depends very heavily on mining. The sheer volumes of the different metals needed for an effective transition by the mid-century target date is in billions. However, questions abound whether the global mining industry, itself highly energy intensive, is ready for this demand. This brings to the fore a reality very familiar to CEC of the strong synergies that exist between energy and mining. We shall, therefore, explore how we could work more closely with our mine customers in our markets to support their energy requirements in a manner that enables them to more ably support a clean energy future.

To close

The Board, management, and the entire employee body, working together, devote themselves continually to building and maintaining a vibrant and healthy company capable of continuing to create value long into the future. I am grateful to all of them for the singularity of purpose exhibited in delivering this performance. The employees are the primary resource the Company must take care of. Looking after our employees, customers, communities, and other parties of interest well enables CEC to achieve harmony among its broad set of stakeholders to enable the creation of value for our shareholders and all stakeholders.

London Mwafulilwa
Chairman

CENTERING SUSTAINABILITY

ESG principles and practice have emerged as a central theme in global business across all industries and sectors, moving from a peripheral to a core position in companies' value-creating activities and in sustaining their license to operate. While CEC has long embedded sustainability and social responsibility in its business culture, the Company understands that the way in which commerce and industry impact society and how that impact is perceived and measured, as well as society's general pursuit of sustainability evolve. In the current era, factors such as the depreciating state of the global climate have impacted the depth, reach and speed of certain sustainability attainments. ESG has, therefore, gained significant maturity.

We have taken stock of the actual and potential effects of our operations on people and the planet. We have identified where the gaps lie and devised solutions to close those gaps in terms of the data we should collect, analyse, and trend, the information we derive to act on and how effective those actions should be with regard to outcomes for ethical business conduct. This is important not only for achieving our current performance objectives but also to demonstrate and assure the future prospects of the business.

We realise that the materiality of ESG factors differs among entities and industries over different periods and the pathways linking these factors to company performance and returns will, accordingly, vary. CEC has identified which factors are the most important to it; informed by the industry and present technologies, the prevailing market structure, and its corporate strategy. We explicitly link ESG performance to our business strategy, financial and operational performance to ensure relevance. It is important that the ESG factors designated as being material to the business clearly interact with its set KPIs and key drivers.

Our manufactured capital (infrastructure) is the largest input to our value creation strategy; hence, we manage our assets for sustainability. Modernizing and optimizing our assets and operations often entail the adoption of newer technologies, equipment, components, and processes which are more eco-friendly.

The investment proposition for the business is considered not only on the basis of financial factors and performance but alongside its actions and reactions on ESG issues, including climate change and its participation in solving societal problems and creating prosperity beyond its shareholders.
In pursuing and maintaining a strong investment grade shadow rating, we are mindful that ESG has converged and integrated into credit rating, ratings issuance and investing. The credit metrics employed by the major global ratings agencies that we monitor have increasingly integrated corporate governance and sustainability factors, extending to green bonds, which we have an eye on for our future financing needs. This demonstrates that ESG has moved into the mainstream consciousness of investing and financing, and for us to competitively fund our growth ambitions we must respond to these levers of ethical long term sustainable business conduct and value creation.

With investors exercising their fiduciary duty to society more and more, a clear pattern of allocating their resources and capital on ethical and sustainable business conduct considerations has emerged and CEC is committed to demonstrating that it is effectively identifying the opportunities presented by centering sustainability as well as managing business risks emerging therefrom.

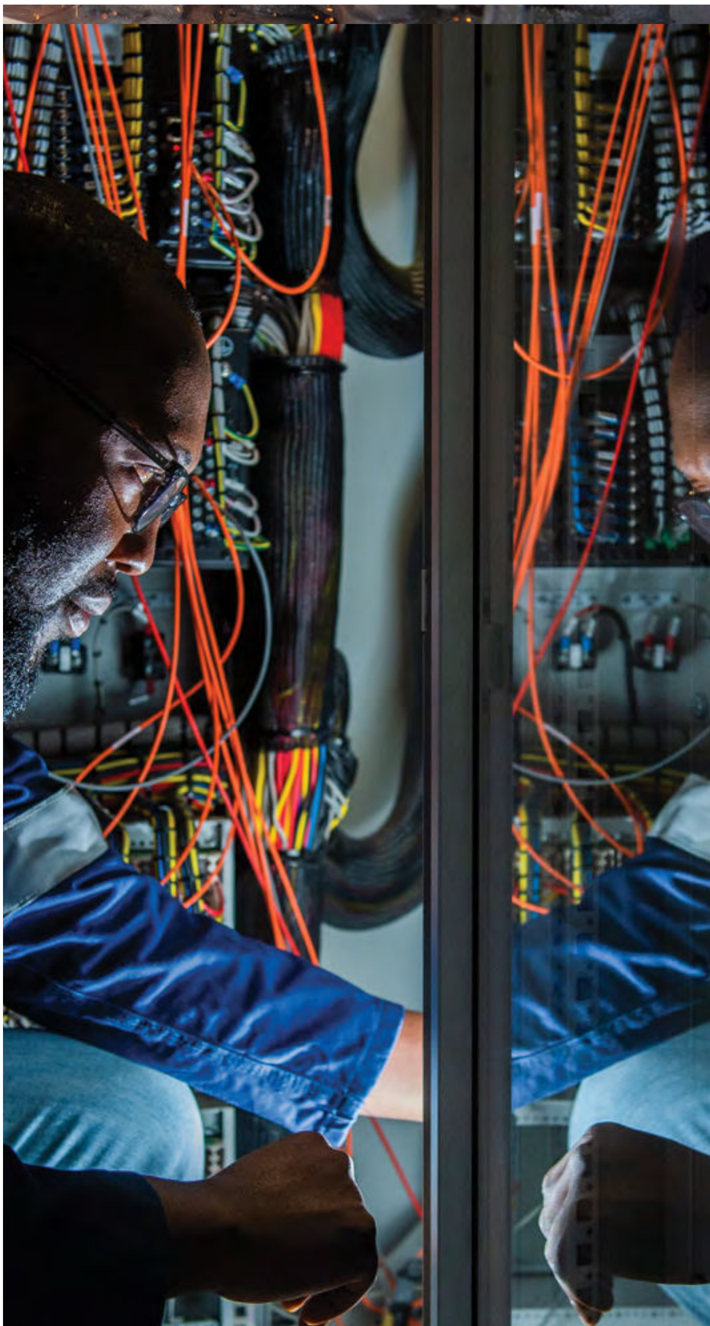
Our industry is one of the major contributors to greenhouse gas emissions and other environmental and social impacts. Conversely, it also possesses among the highest potentials for turning around and delivering a decarbonated future. We have noted the partiality for global capital allocation to the green economy transition and are prepared for it through our demonstrated participation in creating green industrial products such as renewable energy and biologic carbon sequestration through afforestation, extending to recycling and repurposing our waste, greening our processes and becoming more efficient in both our sourcing and consumption of energy.

Over the life of our next strategy plan, 2023 to 2027, we will further embed sustainability in our business strategy, performance, and reporting. Placing sustainability at the centre of our operations and business culture entails that we make ESG a regular topic in our conversations and engagements with our shareholders and other stakeholders, where necessary, helping them to understand and analyse our ESG performance alongside the financial and strategic information we present to gain a fuller picture of the business. As a participant in the global capital markets, we believe in using a broad range of metrics to disclose our performance even when not required by law or regulation in our local market. This allows our stakeholders a fuller view of the Company's sustainability agenda, its prospects for the future, past and current performance.

We are mindful that our market does not currently stipulate certain statutory and other mandatory ESG disclosures and that we are strictly without peers at the local level, but we are on a path to voluntarily align our reporting, performance and measurement with the international standards and frameworks that we have determined as being relevant for our industry and business to facilitate wider comparability, combining in-house analysis with external assessments such as is provided by rating agencies.

As earlier stated, we identify certain ESG factors and themes as being more material than others for our industry and Company at particular times. These include climate change, biodiversity, deforestation, sustainable sourcing, and resources, as well as energy usage and waste. Others are employee and community health and safety, air and water quality, emissions, gender diversity, corporate governance, and our relationships with communities.

We believe that disclosing how our business impacts, influences, and reacts to communal sustainability imperatives shows our understanding of our responsibilities and role in solutioning societal problems and acknowledges our part in an ecosystem of overlapping dependencies.



AFFORDABLE CLEAN ENERGY

Energy fuels development, and clean energy fuels sustainable development. We have buttressed our transition to a cleaner energy future on solar power and other renewable energy alternatives, further improving the energy mix for our customers and helping them to attain their own sustainability goals. Our investments in a modern power network driven by digital technologies is improving our efficiencies and service delivery:

Riverside Solar PV plant; Itimpi Solar PV project and wind farm in development; network modernisation and digitisation

Adapted from SDG 7

HEALTHY LIVING & WELLBEING

COVID-19 has disrupted and halted years of progress in global health, infecting hundreds of millions worldwide and leading to the deaths of not less than 15 million people. We have driven vaccine access and COVID-19 prevention and knowledge for our employees and communities, and supported government and private sector action to strengthen systems for resilient responsiveness to known and emerging diseases:

Investment in public health systems (equipment, supplies, COVID-19 test kits); free COVID-19 vaccines for staff, families, and contractors

Adapted from SDG 3

NATURAL ENVIRONMENT

Degradation of the natural environment, including water sources and forests, is inimical to life, sustainability, and development. Everything from air to water is affected for all species. We are restoring forests and water sources through our afforestation program, primarily targeting river sources and critically depleted forest areas. Alongside, we are improving biodiversity and preserving indigenous vegetation while investing in community awareness and knowledge for sustainable environmental stewardship.

Planting 1 million trees; biologic acrbon sequestration; community involvement in tree-planting and tending; indigenous trees seed bank with 64 species

Adapted from SDG 15

PRODUCTIVE ECONOMIES & EMPLOYMENT

We aim to provide decent, rewarding work for positive economic outcomes at the individual, community, and national levels. We ensure a safe, healthy, inclusive working environment, with protected labour rights, and sensitive to gender differences. An environment that promotes capacity growth and continuous development. We offer entry into the industry to young talent through our internship and development programs with full guidance and support:

World-class safety and health record (ISO certification); competitive remuneration; Graduate Development Program; tax compliant

Adapted from SDG 8

INCLUSIVE LEARNING & EDUCATION

Our investment in education access through infrastructure and amenities, equipment, learning and teaching aides, curriculum and talent development programs are geared towards the provision of quality, equitable education which has found now synergies with the government's policy for and provision of free quality primary and secondary education:

University renewable energy curriculum; access to solar plant for research, development of demonstration power systems for university students; construction of classrooms and dormitories

Adapted from SDG 4

DILIGENT CLIMATE RESPONSIBILITY

Climate-induced effects on energy availability continue to disrupt our country's power production patterns and supply capability, leading to economic losses and negating positive actions on climate change as people turn to less clean energy sources. Our climate responsibility stems from our acknowledgment of the important role energy plays in development and its huge effect on climate change. We support climate knowledge and actions at different levels:

Environment education manuals for primary schools; household information dissemination and involvement in positive climate actions; policy development and implementation

Adapted from SDG 13

We are rapidly moving to cleaner production processes and have embraced the circular economy, ensuring that we do not release to waste what can be turned into another purpose. We recognize that some resources are finite and will not much longer support the global population's needs unless we alter how we produce and consume. Recycling, reusing, and repurposing enables us to improve our carbon footprint and cut costs for more sustainable and efficient operations:

GTAs retrofit; removal of R22-containing air conditioning units; plastic recycling; strict e-waste disposal

Adapted from SDG 12

We take responsibility for the potential effects on people and the environment from our operations. We monitor all emissions and keep them below regulated levels to protect the quality of air, soil and water in our cities. We strictly manage the disposal of all forms of our waste to avoid any harm to people and the plant. We invest in public social infrastructure and amenities to improve living and working spaces, including safer roads:

Bioremediation; solar street lighting; fitness facilities; roads and bridges

Adapted from SDG 11

Infrastructure and innovation drive economic growth; consequently eliminating inequalities through interconnectedness, increased access to services and opportunities, technologies and employment. Our investments in energy infrastructure and innovation, including STEM, enables new products, processes, and industries which enable new thinking, often driving down cost and upping operating efficiencies leading to sustainable industrialisation:

Investment in STEM and innovation; network expansion, including trans-national transmission lines

Adapted from SDG 9

We partner with governments, investors, communities, other businesses, and financial institutions to mobilize, allocate and share resources that enable the creation and distribution of value to all stakeholders, directly and indirectly. Favourable policies signal stability that enables providers of capital to support our strategies for growth; enabling us to create opportunities for commerce and trade for other businesses, pay our taxes and invest in communities for incremental value:

Distribution to shareholders; contributions to state treasury through tax; local business support; social investment

Adapted from SDG 17

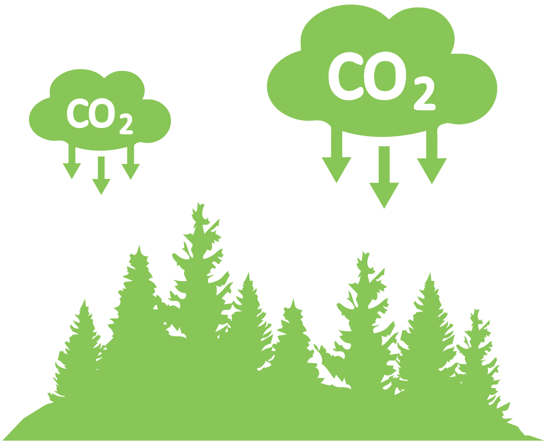
Good governance is cardinal to sustainable development. Institutions of governance promote peace, stability, and the preservation of rights at individual and corporate level, without which there can be no meaningful participation in the social and economic progress of humanity. We participate in government programs for dialogue and cooperation, and support state institutions of governance, including regulators by adhering to the laws, rules, and regulations for proper business conduct:

PPDF participation; involvement in regulator-led market reform processes and programs; compliant with all laws and regulations

Adapted from SDG 16

SUSTAINABILITY DASHBOARD

ENVIRONMENT



240,000
Trees planted in 2022

318,000
Total trees planted

1/200 tons/yr
Carbon capture (trees only) in 2022

1,594 tons/yr
Carbon capture TOTAL

11,744 tons
Carbon emissions (all processes)

4,552 tons
Carbon emissions offset (all processes)

0
Serious incidents

0
Legal contraventions

SOCIAL

1.872 man-hours
Injury-free hours (cumulative)

0.08
LTIFR

0
Fatalities

0
Community grievances

200%
Community safety awareness engagements
- Target: 4

114,673
Online community size

USD2.3m
Social investment

14%
Employee gender diversity
- 49/345

1.2 : 1
Gender pay ratio (excluding management)

42%
Labour union representation
- 144/345 employees

GOVERNANCE

100%
Risks with mitigation plans
- Risk mitigation close-our rate: 93.75% (225/240 risks)

79%
Audit issues close-out
11/14 recommendations

80%
Audit Committee members with financial expertise
- 4/5 members

USD47.2m
Tax transparency

100%
LuSE ethics and code of conduct compliance
- 107/107 applicable rules

66.7%
Board induction
- 2/3 new Directors

7 | 5 | 1

Finance/Accounting
Engineering
Legal
Diversity of Board Directors' expertise

FINANCIAL INDICATORS AND HIGHLIGHTS

REVENUE
USD374m
9%
2021: USD342m

ADJUSTED EBITDA
USD117m
10%
2021: USD106m

PROFIT AFTER TAX
USD51m
0%
2021: USD51m

NON-CURRENT ASSET
USD511m
3%
2021: USD495m

CASH GENERATION
USD88m
16%
2021: USD76m

CAPITAL EXPENDITURE
USD39m
144%
2021: USD16m

RETURN ON EQUITY
15%
0%
2021: 15%

RETURN ON ASSETS
8%
0%
2021: 8%

DIVIDEND PER SHARE
USc3.1
35%
2021: USc2.3

CURRENT RATIO
0.88
19%
2021: 1.09

GEARING
3%
50%
2021: 6%

ECL IMPAIRMENT
USD24m
85%
2021: USD13m

SALIENT STATISTICS

	2022	2021
FINANCIAL PERFORMANCE (USD'000)		
Revenue	374,440	342,689
Gross Profit	136,371	101,304
Adjusted EBITDA	117,198	106,290
PAT	50,816	50,885
ECONOMIC INDICATORS		
Average ZMW/USD exchange rate	16.93	19.96
Closing ZMW/USD exchange rate	18.07	16.67
SHARE STATICTICS		
Closing share price (ZMW)	3.78	2.65
Average share price (ZMW)	3.47	1.61
Market capitalisation (USD'm)	339.90	258.2
EMPLOYEES		
Total number of employees	345	341
Total number on permanent contracts	327	323
Total number on long term contracts (>12 months)	15	16
Total number on short term contracts (6-12 months)	3	2
Employee training/skills development spending (USD'000)	184	141
EXTERNAL LABOUR		
Short term (seasonal contracts, up to 3 months)	1,700	1,846
Long term (>12 months)	333	438
Total contracted	2,033	2,284
HEALTH, SAFTEY AND ENVIRONMENT		
LTIFR (per 100,000 man-hours)	0.08	0.05
Carbon offsets as a % of carbon emissions produced	39%	52%
LTISR (per 100,000 man-hours)	1.25	0.26
SOCIAL AND TRANSFORMATION		
Corporate social investment (USD'm)	2.3	1.1
Community sensitisation engagements	8	0

FIVE-YEAR REVIEW

In thousands of USD	2022	2021	2020	2019	2018
INCOME STATEMENT					
Revenue	374,440	342,689	370,817	408,259	421,085
EBITDA	93,101	93,666	30,081	33,850	112,504
Adjusted EBITDA	117,198	106,290	106,469	89,185	101,566
Operating profit/ (loss)	68,848	69,787	9,079	17,087	91,969
Net finance costs	6,981	798	(3,245)	(4,850)	(1,878)
Share of profits from joint ventures	(8)	-	-	-	-
Profit/ (loss) before tax	75,821	70,585	5,834	12,237	90,091
Taxation	(25,005)	(19,700)	(1,075)	(339)	(34,511)
Net profit/ (loss) attributable to equity holders	50,816	50,885	4,759	11,898	55,580
Adjusted net profit/ (loss) attributable to equity holders	67,683	49,847	55,276	48,274	45,074
Headline earnings attributable to shareholders	0.0313	0.0313	0.0029	0.0073	0.0342
BALANCE SHEET					
Property, plant and equipment	510,452	494,940	502,638	458,294	442,262
Investments in subsidiaries	5,004	2,024	1,672	6	6
Total non-current assets	510,985	495,305	504,310	458,300	442,268
Current assets	151,317	179,342	173,937	183,090	200,181
Total assets	662,302	674,647	678,247	641,390	642,449
CASH FLOW					
Net cash inflow/ (outflow) from operating activities	88,464	75,849	57,749	50,065	76,173
Net cash outflow from investing activities	(39,649)	(16,423)	(10,079)	(20,722)	(16,930)
Net cash (outflow)/ inflow from financing activities	(58,073)	(49,582)	(56,269)	(37,035)	(40,517)
Net cash increase / (decrease) for the year	(3,240)	13,302	(8,599)	(7,692)	18,726
RATIOS AND STATISTICS					
Earnings					
Earnings per share	0.031	0.031	0.003	0.007	0.034
Headline earnings per share					
Dividend per share	0.031	0.023	0.021	0.019	0.016
Dividend cover	1.0088	1.3615	0.1395	0.3854	2.1377
Profitability					
Adjusted operating margin	13%	15%	17%	15%	33%
Adjusted return on capital employed	19%	14%	17%	10%	17%
Adjusted return on equity attributable to shareholders	15%	15%	18%	14%	13%
Financial					
Debt to equity	3%	6%	9%	15%	16%
Net debt to equity	22%	22%	22%	19%	7%
Current ratio	0.88	1.09	1.08	1.47	1.88
Liquidity ratio	0.86	1.07	1.07	1.06	1.44

3. STRATEGY AND PERFORMANCE

MANAGING DIRECTOR'S REVIEW

13-YEAR
BULK SUPPLY AGREEMENT

8%
Y-O-Y POWER TRADING GROWTH

USD39.4m
CAPITAL EXPENDITURE

33MW
NEW SOLAR PV GENERATION CAPACITY

Overview

I am pleased that the 2022 results have highlighted continued improvement in the Group's overall performance as we continue to deliver strong operational and financial performance. We managed our network ensuring safe and reliable delivery of power to our customers. We made good progress on our strategy as we began to roll out key power infrastructure projects that will strengthen our power supply portfolio, enhance our role in the transition to a cleaner energy future and enable us to bring more power efficiently to places where it is required by our customers to meet their growing demand. We achieved good progress in addressing key historical issues faced by the business that we have reported on in previous periods. In this regard I am happy to report that we resolved almost all the historical issues except for one relating to KCM's continued indebtedness to CEC.

Our Business Environment

I believe overall, as a Group, CEC is in a better place today than ever before to focus on its strategic priorities and deliver long term economic benefits to its stakeholders in the regions where we operate. We are witnessing continuing improvements in the business environment coupled with a consistent focus and demonstration of commitment by the government to anchor economic development on the private sector. There are certainly more coordinated efforts by both the government and the regulators to work with the energy sector and the private sector in general in a more collaborative manner to address barriers that continue to affect the ease of doing business. Whereas this could be seen as but the first step, it is important for us as it represents good progress in creating a conducive environment attractive to private capital and necessary to have a thriving private sector led economy. In this regard, one of the key highlights for the year was the setting up of the PPDF and similar other opportunities with the main purpose of enabling the coming together of public and private institutions to address issues impacting industry and the conduct of business.

It is also gratifying that the electricity industry on its part, used the opportunity to revive the Association of Power Companies, which brings together mostly private electricity companies to discuss sector issues of common interest and how, working with the government and regulators, appropriate and innovative solutions can be found and applied to move the sector forward. It is important as CEC that we take an active role in discussing sector matters with other industry players and use our expertise and experience to foster appropriate common solutions.

The quest to move the sector to its natural next phase of evolution means that there are sectorwide workstreams that are ongoing and could be completed within the next couple of years. Key among these are: (i) the implementation of the outcome of the CoSS completed in 2021, (ii) the Open Access and Market Design and (iii) the Transmission and Distribution Pricing Methodology. The ERB is leading most of this work while industry stakeholders have appointed representatives leading their participation. Again, our approach here is to work closely with the government, industry and the ERB to ensure progressive outcomes that enhance fair competition and encourage growing private sector investment. As always, the process is as important as the outcome. We, therefore, expect that the outcome of each workstream will be widely discussed at each stage by the relevant stakeholders leading to adoption of appropriate recommendations with associated implementation plans.

At global level, the world has emerged from the depths of the COVID-19 pandemic with the reopening of all borders to facilitate a return to normalcy for life and commerce. However, an increasingly divided geopolitical landscape including the still raging Ukraine war and the deteriorating Sino-US relations continue to negatively impact the global economy and threaten to slow or even roll back gains attained over the years in the embedment of globalisation. Some of the impacts include the rising gas and energy prices that have contributed to a general high inflationary environment in most global markets.

Business Highlights

To create value for our shareholders, we need to consistently deliver safe, reliable and affordable energy to meet the expanding demands of our customers. This means constantly strengthening our supply portfolio, from which all our customer power needs are met, and continuously investing in and maintaining, to the highest standard, our power network assets used in the efficient delivery of power to places where our customers need it. Efficiently meeting our customer needs on the basis of firm long term contracts and navigating an evolving regulatory environment, alongside the inescapable need to embed an effective risk management framework to continuously minimise business risk is key to the delivery of value to our stakeholders.

In 2022, our power network handled a total of 5,913GWh, representing a growth rate of over 3% compared to 5,717GWh recorded in 2021. This covers power demand across all business segments including local power supply (where we supply power to mine customers in Zambia), domestic and international wheeling (where we wheel bulk power for ZESCO in Zambia and across the border on behalf of several third parties), transmission use of system (where we provide use of our transmission infrastructure to third parties) and regional power supply (where we supply power to mining customers in the DRC).

Power demand for the local power supply segment remained relatively flat, coming in at 449MW, a moderate 1% growth rate over the 444MW we saw in 2021. This is against the backdrop of reported operational challenges at both MCM and KCM due to some underlying matters affecting these mines that have been widely reported on in the press. The government has announced ongoing efforts to unlock challenges at these mines within the first half of 2023 to facilitate smooth operations and business growth. Growth prospects for this business segment remain strong with power supply agreements signed with three new mines during the year and associated power infrastructure to deliver power to two of these customers commissioned by year end. Work to connect the third customer and other pipeline projects is continuing aligned to our five-year strategy. This will catalyse steady growth over the coming years for this segment of the business.

The year witnessed the shortest-lived load curtailment seen in the recent past towards the tail end of the year when the Kariba power station experienced the lowest water levels in years. While this impacted mostly domestic customers for a relatively short period, we still recorded good demand growth under the domestic wheeling segment under which this customer category is mainly serviced. The domestic and international wheeling segments grew 5% and 13% year-over-year respectively. This is consistent with our five-year business plan, and expectedly this level of growth will continue over the coming years powered by improving macro-economics. Power trading for our DRC market continues to deliver impressive growth rates, growing by 8% year-over-year. We expect the upward trend in mine demand to continue in the medium to long term driven primarily by anticipated mining activity ramp up both in the Zambian and DRC markets.

Maintaining good safety behaviours across the entire power network is critical for a business like ours which involves handling a dangerous commodity called electricity. This year we again delivered good results in this critical area of the business achieving a lost time injury frequency rate of 0.08. As a benchmark, this is consistent with our set performance benchmarks and is comparable with well performing utilities. Safety campaigns and training aimed at making our workplace safer for employees, contractors and our relevant communities remains a key part of what we continue to do in helping us embed a safety culture.

The country saw a good balance between supply and demand for most of the year until towards year end when a supply gap of about 522MW emerged mainly caused by low water levels at the Kariba dam and the outage of one generating machine at Maamba leading to the implementation of load curtailment programs. The mine customers were the least impacted by the load curtailment programs given any load reduction they contributed was predicated on a consultative process requiring them to pull back on non-essential loads with minimal impact on their operations. For other customer categories, a rotational and staggered load shedding schedule was implemented at national scale. Compared to previous load curtailment programs, the turnaround to rebalancing of supply and demand was relatively faster driven by the return to service of the Maamba generator and good precipitation that has accompanied the early months of the 2022/20223 rainy season. The situation was highly helped by the commissioning of the fifth and last generator, leading to full commissioning of the Kafue lower power station by ZESCO, a commendable feat. Though still very tight, this squared up the balance between supply and demand post the reporting period. At regional (SAPP) level, demand continues to outpace supply, mostly because of the reported supply gap in the South African market. This notwithstanding, our bilateral contracts with other SAPP utilities and our participation at the SAPP spot market constitute important elements of our supply portfolio.

We are continuing to make good progress in strengthening and diversifying our supply portfolio with the aim of bringing together multiple sources that, working with our partners, we dispatch to meet our customers' needs. Our flagship 33MW solar project (bringing our total solar PV generation capacity to 34MW) made good progress toward completion during the year such that post the reporting period, on 15 February 2023, it was officially commissioned by our Republican President, Mr. Hakainde Hichilema. Developed under CEC Renewables (discussed below), this is a new and important addition to our supply portfolio. Further strengthening of our supply portfolio, which now includes our own generation, IPPs and public sources, forms an important element of our strategy over the next five years.

Our efforts to deliver a safe, secure, and reliable service are unrelenting. Coupled with the investments we are making in renewing various parts of our power network and adopting new technologies, we are confident in our ability to continue delivering for our customers. We invested over USD39.4 million in our power network with a plan to ramp up over the coming years. We continue to see necessary improvements in the quality and performance of our power assets owing to consistent capital allocation towards asset renewal, modernisation, and digitisation.

Our financial performance remains very strong. We grew our revenue and adjusted EBITDA by 9% and 10% respectively while our profitability remained flat at about US$51.0 million on the back of higher impairment loss of USD24.1 million compared to USD12.6 million the previous period, driven by the recalibration of the IFRS 9 impairment model.

Resolution of Historical Issues

We achieved good progress in addressing key historical issues faced by the business that we have reported on in previous periods. In this regard I am happy to report that we resolved almost all the historical issues except for one.

Firstly, we completed negotiations and signed a new BSA with ZESCO, effective April 2022 with a tenure of 13 years. Secondly, we signed a settlement agreement with ZESCO covering the terms to apply during the gap period of 1 April 2020 to 31 March 2022. The two agreements have effectively eliminated the uncertainty in respect of applicable commercial terms in the provision of services between the two entities. This has also settled any contingent asset or liability that may have been associated with the gap period. Furthermore, working with the mines, the ERB and ZESCO, we reached a Consent Judgement reversing the ERB's tariff increase to the mines of 2014. The Consent Judgement has effectively extinguished the contingent asset and liability of USD227.0 million on the sale and purchase sides respectively that we reported last year. Notwithstanding the headway made in addressing these historical issues, the KCM debt to CEC remains unresolved. The arbitral proceedings relating to this matter, which commenced in 2021 are ongoing.

CEC Renewables

We have made significant progress on our green agenda and the process to begin the integration of renewables in our supply portfolio. This being one of the key long term strategic objectives, it is important that we get it right from the beginning. From a governance and risk management perspective, we are taking deliberate steps to ensure we are well set up for success. We therefore incorporated CEC Renewables, a limited company which is a 100% subsidiary of CEC. As a new addition to the Group, CEC Renewables is an entity with a green development mandate charged with the key task of leading our foray into the renewables space. Clearly, this will enhance our role in the transition to a cleaner energy future and our contribution to the government's target of achieving an appropriate energy mix for the country. We saw significant progress in the implementation of two approved flagship projects by CEC Renewables. As reported earlier, the 33MW Riverside solar PV plant was completed and officially commissioned post the reporting dates by the President of the Republic of Zambia, Mr Hakainde Hichilema. This, together with the existing 1MW plant, brings the total capacity at the Riverside solar plant to 34MW. The 60MW Itimpi solar PV project on the other hand, managed to secure all requisite regulatory approvals by the end of the year. Implementation will commence early in the new year with completion scheduled for December 2023.

The power from these plants is subject of arms-length offtake arrangements that have been entered into between CEC Renewables and its parent company. CEC Renewables is expected to deliver its first power to CEC in quarter one of 2023 through the evacuation infrastructure constructed together with the Riverside solar PV plant. We continue to strengthen the organisational capacity in forecasting and managing of these intermittent power resources.

Strategy Highlights

The 2022 strategy review delivered a highly ambitious business plan aiming for considerable growth in all our markets. We evolved our strategy to repurpose and refocus the business to capture opportunities that best align with our core business and put operational excellence at the heart of how we create value and efficiently meet our customer's power requirements. Over the next three-to-five years, we expect to see quantum leaps both on the top and bottom lines through growing existing profit pools and establishing new ones.

More focus on our pipeline and efficiently capturing expanding and new demand will drive demand growth and power infrastructure investments by the Group. We are enhancing our customer proposition to remain the supplier of choice through efficiently delivering for our customers safe, reliable, and affordable power. Upgrading, modernising, and investing in new transmission and distribution infrastructure including interconnectors where they are required is core to delivering on our strategy. We expect to invest not less than USD200 million over the next three years in new transmission and distribution infrastructure and energy transition initiates to support both organic and new business growth. As demand for power ramps up, we need to strengthen our supply portfolio from which this demand will be reliably and affordably supplied.

We operate in an industry where we are increasingly required to work collaboratively with more and more stakeholders. We will work closely with governments, regulators, communities, and our dependable partners in ways that enable co-creation of value. I believe, the Group is in a much better place now to deliver on its promise for better and consistent results to its stakeholders. We are at a place where we have laid a good foundation to deliver on our operational and financial performance.

Looking Ahead

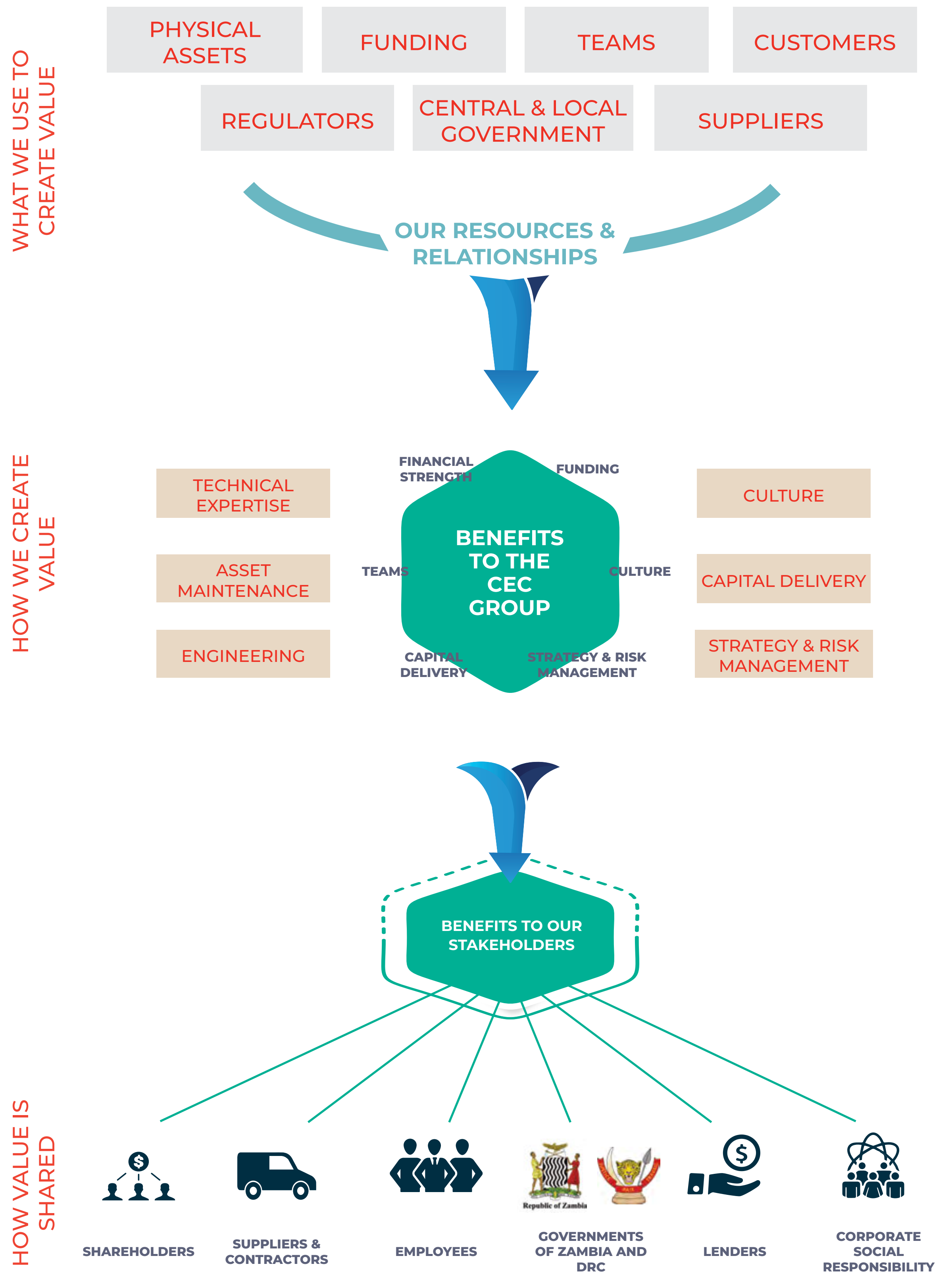
We are very optimistic about the future of our business as we see great growth prospects based on increasing economic activity in the regions where we operate, disciplined strategy execution and the positioning of our business done over the last two-years to work more collaboratively with our key partners. We continue to evolve our strategy to repurpose and refocus the business to efficiently capture opportunities aligned with our core business and put operational excellence at the heart of how we create value and deliver for our customers. We expect the business to grow organically while at the same time effectively delivering on its new business growth opportunities.

As always, I wish to end by thanking all colleagues and the Board for their continued hard work and the strong results we have delivered this year. We are stronger as a team and our commitment and hard work is essential in building a better and bigger CEC Group.

Owen Silavwe
Managing Director

OUR BUSINESS – STRATEGY, MODEL, VALUE-CREATION & DISTRIBUTION

SUMMARY OF THE VALUE CREATION PROCESS



SERVICE PROVISION AND INFRASTRUCTURE USED

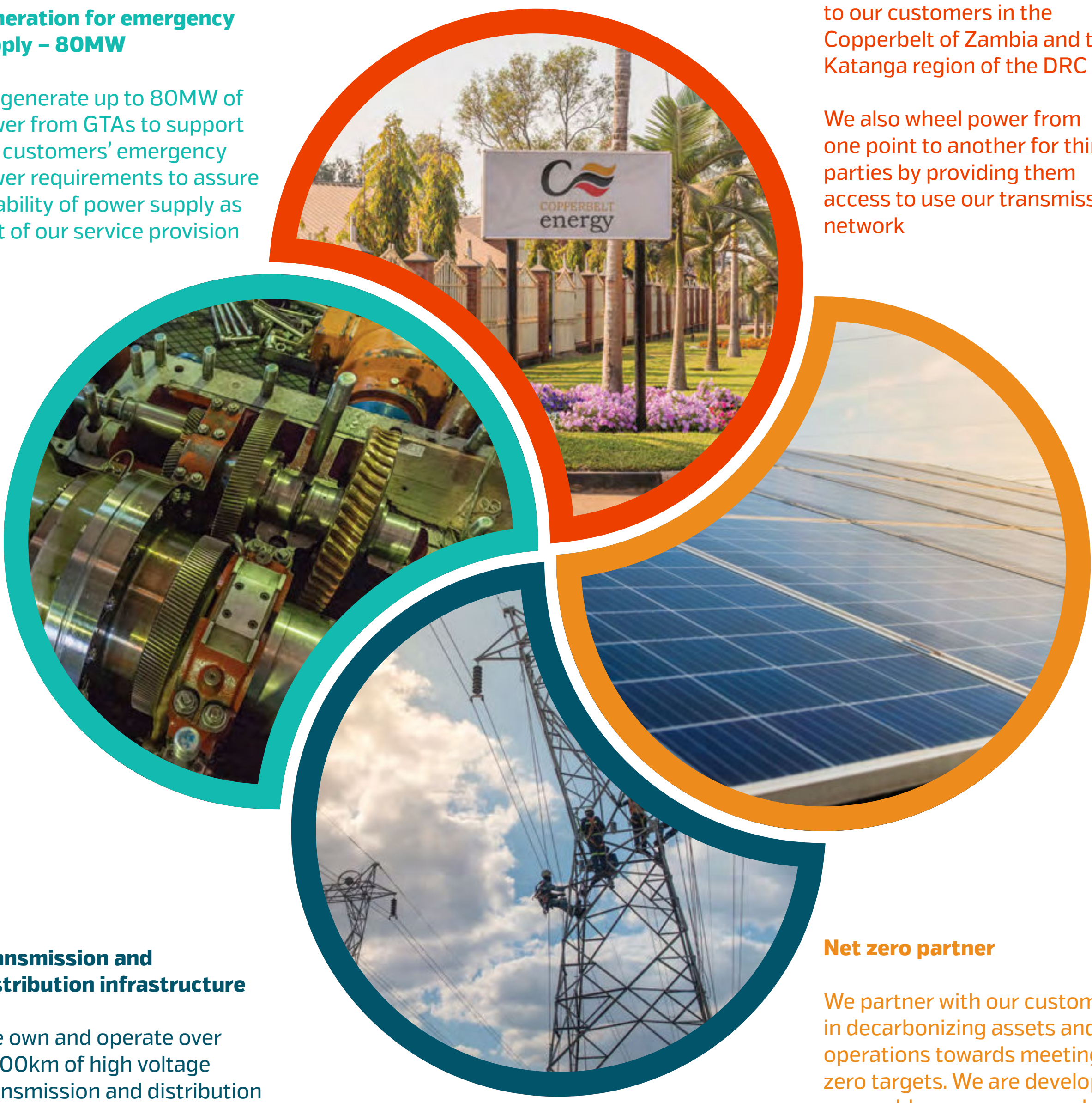
Power supply and provision of wheeling services

Our core business is the provision of reliable power to our customers in the Copperbelt of Zambia and the Katanga region of the DRC

We also wheel power from one point to another for third parties by providing them access to use our transmission network

Generation for emergency supply – 80MW

We generate up to 80MW of power from GTAs to support our customers' emergency power requirements to assure reliability of power supply as part of our service provision



Transmission and distribution infrastructure

We own and operate over 1,000km of high voltage transmission and distribution lines with supporting transformation substations. Our network enables the supply of reliable power to customers

Net zero partner

We partner with our customers in decarbonizing assets and operations towards meeting net zero targets. We are developing renewable energy power plants to transition our source and supply mix

We rely on our internal resources and our strong relationships to do business, drawing on our technical expertise and culture to deliver value to our stakeholders and the wider community

THE VALUE WE CREATE

Customers – We aim to deliver safe, reliable, and quality service to our customers

Investors – We aim to be an attractive, dependable investment proposition, focused on generating shareholder value through dividends, supported by financial growth in the key financial metrics such as profitability, cash generation and asset base, all of which are essential to creating a sustainable long term, customer-focused business

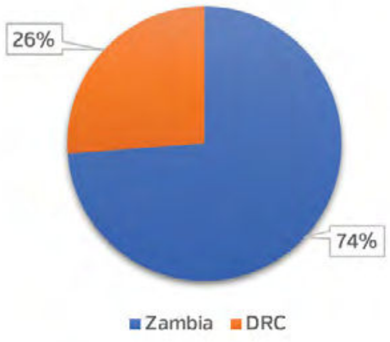
Our teams – we aim to create an environment where all employees can make positive contribution, develop their careers and actualize their full potential

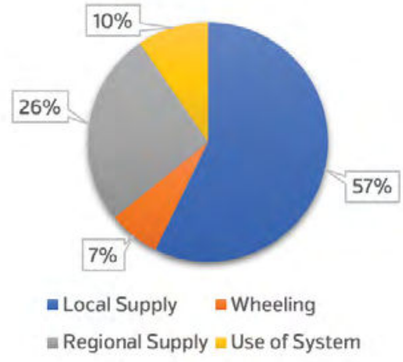
Contractors and suppliers – We maintain responsible and efficient supply chains, aligning our interests and those of our suppliers with the interests and needs of our customers

Communities and Governments – We partner with the Government through various established forums and contribute to the formulation of energy policies and commitments. Our contribution to the treasury helps fund public services and we play our role in contributing to the country's sustainability, enabling the transition to a low carbon future

Economic, HSE regulators – Through constructive, transparent engagement and consistent, reliable fulfilment of our commitments, we build trust with the regulators

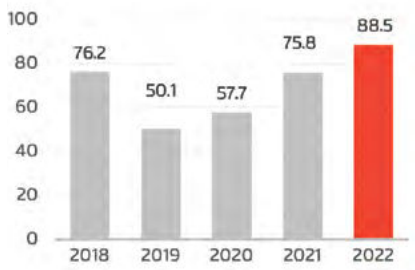
STRATEGY TO ACHIEVING A DIVERSIFIED REVENUE



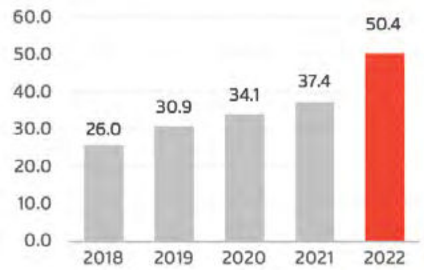


STRONG FINANCIAL PERFORMANCE

CASH GENERATED USD'M

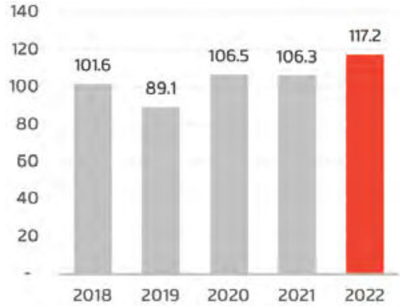


DIVIDENDS PAID USD'M

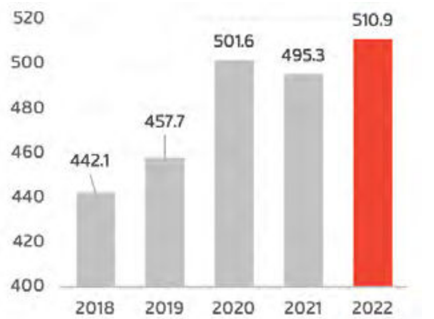


We have a track record of creating and delivering value to our stakeholders. The operational statistics evidence the quality of supply as benchmarked by the regulatory targets and the resultant financial performance highlights sustainable growth in most financial matrices as indicated

ADJUSTED EBITDA USD'M

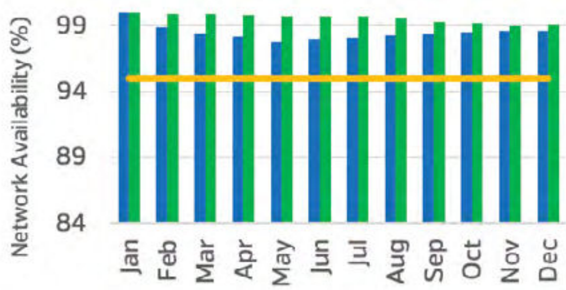


NON CURRENT ASSET GROWTH USD'M

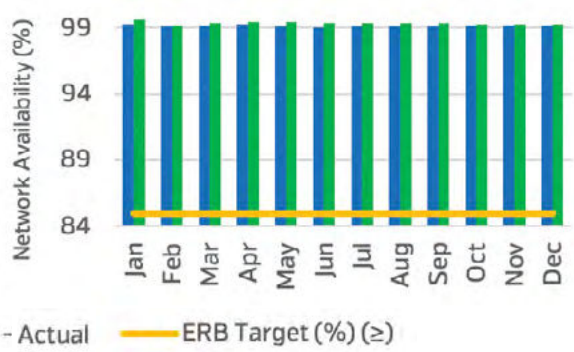


STRONG OPERATIONAL PERFORMANCE

NETWORK AVAILABILITY (NA)- SYSTEMS GREATER THAN 66KV



NETWORK AVAILABILITY (NA)- SYSTEMS LESS THAN OR EQUAL TO 66KV



OUR RESOURCES AND RELATIONSHIPS

Internal Resources	Strong Stakeholder Relationships
Physical assets - We own the infrastructure (transformers, switchgear, transmission lines, GTAs, metering, telecoms, IT and other network equipment) through which we transmit power **Funding** - We fund our business through a combination of cash generated from operations (shareholder funds), as well as long and short term debt. At any one point, we assess and maintain an appropriate mix of debt to equity, prudently managing the financial risk **Teams** - Our highly skilled and dedicated teams have a strong work ethic and expertise. They manage and maintain the infrastructure and participate in developing the many stakeholder relationships crucial to the Group's success	Our business relies on strong relationships with all our stakeholders, key among them: • Our customers, who depend on us for their required quality of supply or to transport energy through our network • The regulators, such as ERB, ZEMA and others, who provide the much-required regulatory oversight allowing for fair, quality and non-discriminatory regulation, to enable quality of supply while maintaining high health, safety and environmental standards • Our suppliers, who have complementary experience, skills, and resources and with whom we agree mutually beneficial contractual arrangements • The central government, local municipalities, communities, and a small domestic consumer base that we supply

HOW THE CEC GROUP BENEFITS

Internal Resources	Strong Stakeholder Relationships
Financial strength – We generate decent cash flows through diligent and efficient management of our operations **Investments** – Our capital allocation and efficient investment in the network allows us to deliver relatively strong and sustainable growth in our assets and earnings **Lower capital costs** – With innovation and flexibility, we explore ways of reducing capital costs and early adoption of technologies relevant to network reinforcement, energy transition or net zero target attainment	**Shareholder returns** – We have consistently shown the importance of rewarding our shareholders, having returned over USD179 million over the last five years. Dividend growth over the same period was 18%, with the 2022 dividend being 35% higher than the previous year

HOW WE CREATE VALUE

Our technical expertise
We combine our extensive skills, knowledge, and capabilities with innovation to ensure that we continuously create value for shareholders and our wider stakeholders

Asset management
Our network is our key asset, therefore, we invest in and maintain our assets across their life as cost effectively and efficiently as possible

Engineering
The skills of our teams are vital in performing safely, efficiently, reliably, and sustainably in support of the business. In the delivery of our services, we always aim to:

- employ risk-based decision making,
- find practical and innovative solutions to our problems or challenges, and:
- adopt common approaches and make continuous improvements.

Our engineering expertise supports the provision of a reliable network, allowing high reliability and quality of supply

Capital delivery
We add value for our stakeholders by ensuring safe and effective delivery of infrastructure projects, ranging from connecting assets to the grid to developing solar power projects

Our culture
Our Group's culture is typically the set of values, beliefs and behaviors that characterize us and are at the core in guiding what we do, so that we can respond to the needs of our customers in an ever-changing environment

We maintain high standards of business ethics and promote behaviors aligned with our values and culture by recognizing our employees through the various reward systems available in the Group. This supports both what they achieved and how they achieved it

Strategy and risk management
As the energy industry aligns to the need to transition to a cleaner energy future and contribute to climate change containment, our strategy for 2023 to 2027 best articulates our priorities, while positioning our business to continue bringing long term economic benefits to our operations. We have well-established governance structures that include comprehensive risk management, strong controls, and financial discipline

WHY IS THIS IMPORTANT

Communities – Our partnerships with the communities in which we operate are created and nurtured partly through our CSR initiatives. Our actions as we transition to a cleaner energy order allow us to proactively make a positive contribution. During the year, USD2.3 million was spent on CSR initiatives

Job creation – We provide direct and indirect employment opportunities (2,378 employees in 2022) and support teams to upskill and acquire new technologies necessary to the present and future operations of the businesses in our quest for net zero energy systems

Contribution to treasury – We recognize that our tax contributions support public service delivery and the wider economy. As a result, we endeavor to pay the right amount of tax, at the right time and in accordance with the relevant tax laws. USD47.2 million was paid as taxes in 2022

ELECTRICITY INDUSTRY OVERVIEW

Despite the development of generating plants by a few IPPs, with a combined output of approximately 19% of the installed capacity, the generation, transmission, distribution, and supply space is still dominated by ZESCO. CEC is the largest privately owned power utility involved across the whole value chain. Currently, the Company's transmission network handles not less than 30% of the national peak demand.

The electricity sector in Zambia has undergone significant legislative change since the enactment of the Electricity Act and the Energy Regulation Act in 2019, which could pave the way for changes to market design and, eventually, lead to opening of the electricity supply market to enable direct contracting between producers and large consumers of electricity. We believe that these developments will eventually attract new IPPs into the market, increase the generating capacity and improving the energy carbon footprint by infusing more renewable energy into the still predominantly hydropower-based generation mix. This is in line with the government's policy direction of maintaining the underlying pattern of electricity production on the cleaner, efficient, and sustainable side, utilizing modern energy sources.

At present, hydropower resources account for 83% of the energy generated in the country while thermal and solar PV generation account for 14.5% and 2.5% respectively. In 2022, the national demand peaked at about 2,394.84MW against an installed generation capacity of 3,628MW. Zambia maintained a power surplus until the fourth quarter of 2022 when the water level in Lake Kariba dropped to its lowest in recorded history; prompting a resumption of demand management action for domestic and retail customers.

Within the year, the findings of the ERB-managed electricity Cost of Service Study were released. CEC participated in the GRZ-led process of reviewing these outcomes, at both the Study Technical Committee and Study Steering Committee levels. The government's views on the outcome of the CoSS were circulated to the public and key stakeholders, including CEC, for comments through a Green Paper. The final position of the government is expected to be given in a white paper at the end of the consultative process and could form the basis for tariff adjustments and migration towards cost reflectivity.

The regulator continued with the other sector studies, relating to (i) Open Access Market Design, (ii) Transmission and Distribution Pricing Methodology, (iii) Multi-Year Tariff Framework, (iv) review of Transmission and Distribution codes, as well as (v) Integrated Resource Plan, among others. When completed, the outcomes are likely to impact the power industry landscape.

OUR SAFETY, HEALTH AND ENVIRONMENTAL SUSTAINABILITY

HSES MATRICES

M/H LTAs: Injury-free hours	LTIFR	Carbon offsets*: As a % of carbon emissions produced	COVID-19 vaccine uptake	Accolades: Recognition for sound environmental practices
1.9 million man-hours 2021: 1.9 million man-hours	0.08 2021: 0.05	39% 2021: 52%	78% >33%	Green awards (2) 2021: Environ-mental Award

*Offsets based on scope 1 & 2 carbon emissions

	2022	2021
Health and Safety		
LTISR	1.25	0.26
Social		
Community Safety awareness engagements	8	0
Environment		
Serious environmental incidents	0	0
Legal contraventions	0	0

The essence of our HSE policies and activities is to secure the health and safety of our employees and to operate our business in a manner that respects the natural environment. Electricity is hazardous and servicing the mining industry, another high safety risk industry, compounds the need for us to proactively create and maintain a safe work environment, where the health and safety of our staff is always paramount. We start from the top, with the HSES Committee of the Board providing oversight and taking responsibility for process and performance. We diffuse our culture for safety and health beyond our employees to include contractors, suppliers and visitors who are all oriented on the required safety practices each time they access any of our sites. We engage the communities through safety sensitizations and awareness discussions and demonstrations.

Occupational Health and Safety

We have consistently lived out our goal for an incident-free culture with a history that demonstrates top-tier safety performance. Whenever that performance is disturbed, we introspect and immediately take remedial action aided by appropriate assessments, audits and even emergency drills and training. In 2022, we recorded two system-based lost time accidents, breaking the Company's accident-free record of 10.639 million hours over six years. This translates to a lost time injury frequency rate of 0.08, higher than 0.05 in 2021. Following investigations, implementation of work practices and engineering-based control measures were taken to improve the safety of our systems and process equipment.

Neither fatality nor serious environmental incident was recorded at any of our operated assets, and we continued the disciplined implementation of HSE processes aligned to international standards and best practices. CEC is duty-bound to maintain its foundations of quality through the application of hazard and risk reduction techniques and governance systems to every aspect of its operations. Our certification to the ISO management standards for Occupational Health, Safety, Environmental and Quality management systems and our diligent implementation of these standards helps us to continually improve our processes, in pursuit of safety excellence. We relentlessly evaluate the opportunities for safety and health performance improvement, in alignment with business goals, to deliver the desired results.

The nature of our operations has the potential to expose employees to harm such as chemicals, dust, noise, ergonomic and biological hazards, which could cause them sickness, impaired health and well-being, or significant discomfort. During the year, we acquired occupational health (OH) monitoring and measurement instruments to enable us to monitor the occupational health of our employees more intensely. Further, our OH staff underwent extensive training in OH monitoring, including in the use of OH monitoring instruments, interpretation, and analysis of results. Our operations are guided by the applicable occupational health and safety regulations and standards, mainly set out in the Factories Act, the Occupational Health and Safety Act and the Energy Regulation Act.

We retained certification to ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System after demonstrating compliance in our activities, processes, and management systems. The certification body, bsi, conducted the audits.

COVID-19

Zambia, as many other countries in the world, began its recovery journey from the ravages of COVID-19 in 2022. The Company maintained caution as a means of containing any possible resurgence, to maintain employees' sensitivity to the pandemic and extend the positives gained from our management of the disease. We undertook awareness campaigns to tackle vaccine hesitancy, and disseminated, weekly, information approved or endorsed by the government or the World Health Organization on topical issues relating to COVID-19. We also shared prevention and new information and help resources, such as hotlines. we gave special support to employees with known medical susceptibilities, who were encouraged to access Company-facilitated counselling services including a hotline to a medical officer. To maintain prevention and containment diligence, employees presenting symptoms or those with confirmed infection were barred from accessing Company premises while disciplinary action was imposed on employees that had tested positive, but knowingly reported for work. Staff providing care to infected family members were equally encouraged and requested to operate remotely and return to their work site only after a negative test confirmation for their affected family member.
At year-end, 78% of the employee population had received at least one dose of the COVID-19 vaccine.

Environmental Sustainability

We approach the management of the impacts of our operations on the natural environment from the perspective of consensual global impact and action. Embracing the Paris Agreement goal to limit global heating to well below 2°C, preferably to 1.5°C, to enable the achievement of a climate neutral world by 2050, CEC is contributing to the goal by strengthening its response to bringing its carbon emissions to zero.

The Company's attainment of a net zero carbon status will be secured through interventions such as carbon sequestration and decarbonization of the process life cycle in all its operations.

We are pursuing biological carbon sequestration through afforestation of the environment. We began this program in 2019, targeting river courses most ravaged by deforestation in the Copperbelt Province. Initially a five-year initiative, the tree planting and afforestation program has been extended to run until 2027, targeting to plant 1 million trees in ten districts of the Copperbelt Province.

In 2022, the carbon absorption capacity from 240,000 trees planted increased four-fold to 1,594 tons over 2021 (394 tons). This leap represents an offset rate of 13.6% of the total amount of carbon emitted by the Company in the year.

Our afforestation initiative serves not only the planet, but also the communities, and is a real-life illustration of the Company blending its people, planet, and profit aspirations. We accompany our tree-planting with information-sharing and sensitizations in the communities wherein the trees are planted to enable the community members appreciate why trees are important for their present quality of life and future livelihoods, and the meaning and impacts of climate change. For participating in planting trees and providing future stewardship, community members receive a modest allowance. During the 2022 tree planting season, the number of participating households increased. In Kitwe's Mwekera River Water Catchment area, (Mwekera Dam and Mwekera Falls) where we planted 70,000 trees, 94 households from the villages of Cheembo, Kandulwe, Mwekera and Zulu participated. With the consent of Chieftainess Malembeka, we received 62 households that shared in planting 63,000 trees around the Baluba Water Catchment area. Masaiti District, where 53 households from Nyenyezi and Kalalangabo took part, saw the afforestation of 67,000 indigenous trees, with the support of Chief Nkambo. The least covered, with 40,000 trees, was the Hippo Pool in Chililabombwe. We have expanded the footprint of the regenerated area on the banks of the Kafue River where this site is located, to add to the numbers previously planted. Altogether, 209 households worked with CEC during the 2022 tree planning period. The Company's impact on these factors extends beyond the environment to improving the social and economic status of these communities by contributing to their earnings.

CEC has integrated the circular economy into its climate change combating and environmental preservation strategies. At present, we are tracking our circularity targets by the quantities of materials we send for recycling. These materials are in three categories – electronic waste, paper, and plastic. Recycling follows the circular economy principle of redesigning and repurposing materials and items into other things, allowing material recovery and lowering the amount of emissions from the production process, which would be higher if raw materials were being extracted; and in this case extending to the manufacturing and transportation of completely new paper, plastic, and electronic equipment.

Through recycling, we avoided emitting the equivalent of 17,813.12kg of carbon in 2022, accounted for by electronic waste (12,693.6kg), paper (3,474kg) and plastic bottles (1,645.5kg). The amount of carbon emissions avoided through recycling rose 7% over 2021 (16,561.71kg).

As part of our decarbonisation program, we have phased out 43 air-conditioning units containing the ozone-depleting greenhouse gas known as Freon (R22). The decommissioned air-conditioning units could potentially emit GHG equivalent to 99 tons of carbon.

Management of Hazardous Chemical Substances

Over the last four years, the Company has continued to reduce its pollution risk by mitigating environmental pollution through the treatment of contaminated materials, incineration of hazardous waste, and reducing the risk for environmental incidents. During the period under review, the Company disposed of 18 tons of asbestos, which is categorized as hazardous waste and is being gradually phased out from our infrastructure and operations.

CEC exercises safe storage, handling and disposal of other hazardous substances including expired chemicals, which are safely kept at our hazardous storage shelter; fluorescent tubes that are put through a tube crusher; and oil-contaminated soil treated at a bioremediation shelter.

Safety and Health Consciousness

An incident-free culture and operation begins with awareness. We regard health and safety as an inseparable part of our organisational culture; therefore, we remain intent on imparting the necessary awareness, knowledge and skills to our staff, and other stakeholders. During the year, we undertook 23 emergency drills to simulate potential real-life occurrences, test competence and readiness of action for the right outcomes. Performance in drills help to inform further training, process, and preparedness to perform effectively in emergencies to assure business continuity with the least possible adverse impact. Arising out of the drills, 26 actions were undertaken and closed out, including as recommendations for improvement or lessons learnt.

Training programs to develop and equip our staff with good health and safety mindsets, which inform practice, include standardized and tailor-made, facilitated both internally and externally.

During the year, training was provided in general safety awareness, behavioral safety, and integrated management system awareness. Further, the various management levels underwent training in neuro safety leadership, which is aimed at developing managers' competencies in the application of neuroscience to model people's behaviour towards safety. The objective is to create a sustainable safety culture that focuses on changing peoples' behaviour by understanding and helping them manage the neural processes in the brain that precede and lead to that behaviour.

Leadership is critical to promoting a safety culture. While incidents and accidents typically occur at the frontline, it is the leaders in our Company that are responsible for establishing the physical and cultural setting. Our safety culture encompasses the behaviors, beliefs, and values that everyone at CEC shares in as controlling the risks that are present in our operations.

Recognition

Third-party endorsement of our contributions to and impact on the environment spurs us to do more. CEC was recognised with the Green Award by Zambia's environmental watchdog, ZEMA, for its demonstrated application of effort sufficient to meet environmental standards by making use of clean technology, waste minimisation, pollution prevention and recycling.

The LuSE also recognized CEC with its own Green Award for its active concern and proactive practices towards environmental sustainability.

The Company has also received commendation for the significant contributions to the annual commemoration of the World Environment Day in the Copperbelt, its tree-planting program in degraded river sources, the establishment of a bioremediation farm and the implementation of its green procurement policy, which gives clear guidelines for product specifications. The composition of products must be confirmed before an order for purchase is placed with any supplier to ensure that the Company does not procure unsustainable products, such as banned chemicals. Application of the policy across the business undergoes continuous scrutiny including through audits. We also encourage purchase of eco-performing and recyclable equipment, devices, and products to conserve water and energy. Further, our supply chain partners are vetted for their labour practices, human rights, and corruption records.

Outlook

CEC has always run an environmentally conscious operation with very high levels of not only commitment but also practice of behaviours that engender health and safety among its employees and its wider stakeholder groupings.

We know for certain that with our operations and management practices evolving deeper into sustainability, our reported practices will expand in range and intensity. We have identified our gaps in the data collected and analysed for information and decision support and have already begun the processes of bridging those gaps across operational lines. At present, we measure energy consumption from lighting at CSS. This will be extended to the other 42 substations in the ensuing periods. Data capture is being extended to water consumption from boreholes and all scope 3 emission sources, including emissions arising from air travel.

We believe that we are on course to meet many of our climate targets over the 2023-2027 strategic performance period, including getting to net zero in our operations and this is already evidenced in our down-trending carbon and GHG emissions, biodiversity protection programs, clean energy transition, circularity through waste recycling and continuous air and water quality monitoring and management.

OUR HUMAN CAPITAL SUSTAINABILITY

144/345 42% 2021 - 145/341 | 43% UNIONISED EMPLOYEES	78% 2021 - 33% COVID-19 VACCINATION PENETRATION	49/345 14% 2021 - 148/341 | 14% NUMBER OF WOMEN EMPLOYEES AS AN ABSOLUTE AND AS A PERCENTAGE OF TOTAL WORKFORCE	21,000 hrs 2021 - 18,747 hrs TRAINING HOURS

Uniting our employees and managers to a common goal, within an environment that understands the impact of human capital on the sustainability of the business and the wider implications for the national economy, enables us to make deliberate investments in assets that include education, training, skilling and health. We believe that enhancing our employees' economic value to the Company through higher productivity and profitability must be achieved by higher investment in human capital.

Highlights & Areas of Opportunity

We measure performance across various indicators, enabling us to pick out areas presenting opportunities for improvement. In 2022, employees expressed a higher level of certainty in the continuity of the business and we saw improvements in gender sensitivity across the business. Lagging areas, which also present opportunities for improvement, included employees' lowered perception of leadership, equity and integrity in the Company.

Employee Engagement

The conclusion of the commercial agreement with ZESCO in April contributed significantly to positive indicators in leadership, talent, culture, and employee engagement for the year. The signing of the 13-year BSA alleviated employees' concerns around the Company's uncertain future that had lingered for two years prior.

Company endorsement rose from 96% in 2021 to 99% in 2022, while the Employee Net Promoter Score (eNPS) improved to 90% from 88% in 2021, reflecting employees' continued strong collective corporate citizenship and engagement. Notwithstanding this milestone achievement, the Company continued to maintain focus on a lean organisational structure and to rein in labour-related costs, with headcount closing at 345, compared to 341 in 2021.

*Cultural Operating Environment*A decline in the Corporate Values score from 79% in 2021 to 66% indicated a weakened cultural operating system, caused mostly by a sharp decline in the perception of integrity within the Company amongst staff. The Integrity score dropped by 34% from 95% in 2021 to 61%, presenting an area of opportunity.

Employee Value Proposition

To foster effective leadership practices among managers and enhance the Employee Value Proposition (EVP), sessions were held with managers to examine employee treatment issues defined in Company policies. In addition, sessions on "Essentials of People Management" were held for managers to better their supervision, coaching, and performance management.

Despite these efforts, the Leadership and Equity scores declined for the first time since 2018, impacting the EVP score, which fell albeit marginally to 59% (2021: 60%). Recognition and Development improved marginally from 44% to 45% and 32% to 34%, respectively, and continued to be areas of focus. Improvements were recorded in Information Sharing (72% to 75%), Gender Sensitivity (72% to 78%), Performance Management (58% to 60%) and Reward (49% to 54%). In the ensuing years, focus will be placed on Leadership and Equity.

COVID-19

The Company's strong response to the COVID-19 threat yielded positive results. We recorded one hospitalisation and no death. From a total caseload of 26, we had 24 recoveries; giving a recovery rate of 92% while the remainder two cases carried over into 2023. The vaccination penetration rate reached 78% by the end of 2022, up from 33% at the beginning of the year. The Company will continue its active surveillance of potential threats from COVID-19 and other contagious diseases.

Compliance & Governance

The Company's people policies, procedures and practices are in compliance with the laws of Zambia, including the Employment Code Act (ECA No. 3 of 2019), Pension Scheme Regulation Act, National Pensions Scheme Act, and any modification or amendment thereof. Further to the ECA induction session held in 2021, a session was organised for managers during the year to clarify their supervisory responsibilities in ensuring compliance with the law.
The Company met its Pay As You Earn obligations, remittances to the National Health Insurance Scheme, Skills Development Levy, and other applicable taxes and levies. Employer contributions were timely remitted to the CEC Pension Trust Scheme, which was fully funded as of December 2022.

CEC offers competitive remuneration, which tracks well above the statutory minimum wage. The Company believes in equal pay for equal work and does not discriminate based on gender or any other characteristic. Performance is the only yardstick used. The average salary for women and male employees (excluding top management) was 1.2:1 as of December 2022. Pursuing gender pay equity and generally pay inequality across and within job classes ensures that we maintain non-discriminatory labour practices, and helps us to avoid the negative impacts on productivity, employee engagement, workplace morale, talent acquisition and retention that such biases engender.

During the year, the Assurance & Internal Audit department conducted a continuous audit of the HR function to assess the reliability of Company personnel procedures and practices, particularly in the areas of talent acquisition and termination. The audits found no weaknesses in the control system.

Labour Relations and Collective Bargaining

No industrial incidents or grievances were recorded during the year, demonstrating the Company's dedication to labour laws and good people practices.

Engaging employees in their own success as they pursue the goals of the business is important to achieving our human capital objectives. The Company engaged in collective bargaining with the Mineworkers Union of Zambia, which is the recognized union representing 42% of CEC staff in 2022 (2021: 43%), which is 144 out of 345 employees (2021: 145 out of 341). In addition to pursuing the Collective Bargaining Agreement for 2023, three more administrative meetings were held with the Union leadership team to discuss matters of mutual interest and to maintain an open channel of communication between the parties.

Other engagements intended to enable us to listen to both employees and management included shopfloor communication meetings, town hall addresses by senior executives and updates or familiarisation with new or amended policies, procedures and practices. Some of our listening engagements were done virtually in continuance of safe practices against COVID-19.

Outlook for 2023

On the back of the commercial certainty secured through renewed contractual relations and cessation of legal disputes, employees are expected to continue riding the morale from that perspective, permitting them to focus their efforts on finding solutions to both internal and external business challenges. Into 2023, the Company will give special attention to leadership, corporate values, talent and succession management, employee development, and reward management.

Based on the foregoing, we anticipate a better cultural operating environment and some improvements in headline leadership, talent, culture, and employee engagement indicators.

Embedding sustainability considerations and practices in our human capital business plans and aligning our reporting and disclosures to Company adopted frameworks, such as GRI standards and the SDGs, will enable us to invest more in sustainability-focused assets for our employees, including skilling and reskilling intended at attaining the ability to recognise and embody behaviours that promote integrity and values that make for an ethical, fair working environment; including more diversity and inclusion in the composition of our workforce.

OUR SOCIAL AND RELATIONSHIP SUSTAINABILITY

USD2.3m	209 HOUSEHOLDS	4 MILLION+
SOCIAL INVESTMENT	TREE-PLANTING INCENTIVE BENEFICIARIES	DAILY VIEWERS OF THE FIFA QATAR WORLD CUP 2022

We engage with our communities based on shared values, in pursuit of meaningful partnerships that engender social cohesion and upliftment, and sustainable relationships. Pursuing its social goals as part of a global compact rather than in a silo, the Company continues to demonstrate compatibility between its aspirations and the needs of the communities it serves.

Quality, accessible, and affordable health is the basis of any functioning and productive community. In 2022, we embarked on a project to improve the quality of care provided to critically ill infants and children at Kitwe's largest public hospital, which is also a referral facility for other towns in the Copperbelt and the provinces beyond.

CEC has began rehabilitating one of the children's wards at Kitwe Teaching Hospital to make way for a paediatric intensive care unit. The PICU will be the first ever dedicated and properly equipped critical care space for infants and young children at the hospital and will enhance the quality of care given to the young patients as well enable the staff to utilize their skills and build capacity. Completion of works to the structure and space, procuring and installing equipment and commissioning are expected in 2023.

Another bedrock of societies that grow and thrive is quality education. CEC has been investing in the education of our communities for decades. From consumables to infrastructure, our investments have spanned lower to tertiary education. We completed, furnished, and handed over a classroom block at St. Anthony Community School.

With the inescapable changes that every facet of society is experiencing, CEC has been lending support to and investing in STEM, as a strategic area of focus to enable Zambia's youth to acquire and develop the skills necessary the science and technology transitioning the world. This is not only an investment in human capital but into a future where Africa, and Zambia in particular, might have a fair chance of competing on the skills and competencies available to the rest of the world. Through our support, a group of young engineering students from the University of Zambia under the umbrella of Zambia Flying Labs, has been researching and developing drone technologies for providing solutions to identified local problems in security, logistics and many other sectors.

We have integrated a people element, specifically education, in our development of renewable energy generation capacity. With a view to the future of Zambia's energy profile, we believe that sufficient human capital with the right knowledge and skills will be essential not only in developing clean energy resources for a green economy but also for operations, maintenance and management of those assets. Hence, we enlisted ten students from CBU in the development and construction of our recently commissioned 33MW Riverside Solar PV plant. From our first renewables project five years ago, we have threaded in learning and skills development, from our curriculum-supported classroom and theoretical learning to the practical elements of developing and working with power systems.

Embedding and realising sustainability in our communities demands that we engage a multi-faceted front for a common understanding of what sustainability means for those communities. Regardless of the community, it is undeniable that sustainable communities require climate-friendly social infrastructure, adequate for their needs and a natural environment that can thrive alongside that infrastructure and the uses it is put to.

During the year, we repaired the street lights on Central Street, one of the main roads in Kitwe. The solar lights were installed by CEC several years ago. We also patched up potholes on the same road, which had become more than a nuisance for patrons of another of CEC's social investment facilities, Ravens Country Club, which houses many fitness and sporting amenities.

We believe that the natural environment buttresses all our activities, hence, it is imperative that we do not harm it or exploit it so as to destroy its power to heal and repair itself. We have committed ourselves to healing our planet, especially as we understand the strong correlation between nature – water, sun, wind – and energy. Towards that commitment, we planted more than 200,000 trees in fulfilment of our 1 million trees by 2027 goal. We understand that nurturing and protecting the natural environment requires human involvement. To restore our planet, we have invested in educating and sensitizing members of the communities where we are planting trees to equip them with the requisite knowledge of what trees do for our planet and what the consequences of not having them. They learn about carbon emissions and what they do to the atmosphere and to human beings, but that alone is not enough. CEC gives a stipend to community members that sign up and participate in this process. The number of households, in 2022, that participated in this monetary incentive were 209.

We have seen the power of sports, especially in young people and how it helps to bring together communities. We continued our sponsorship of Power Dynamos and extended our support to school and junior golf for talent nurturing.

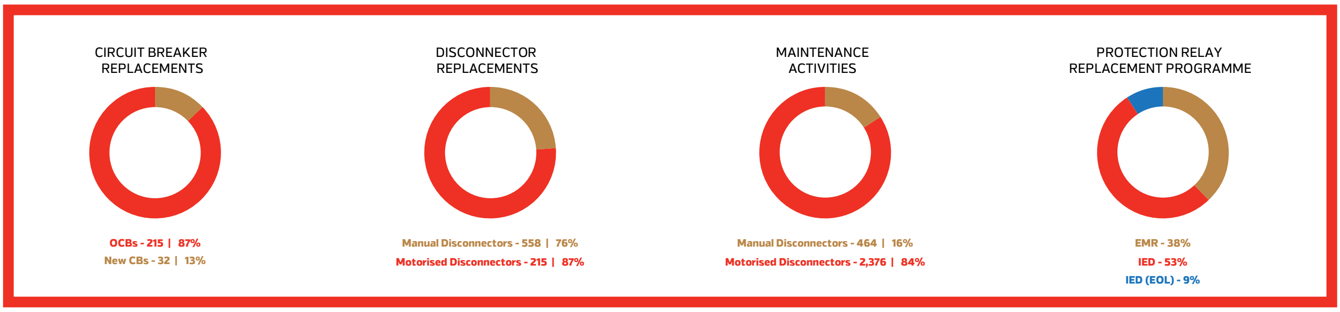
Beyond local football, CEC enabled millions of Zambia to watch live matches played at the global football showpiece through a partnership with local television station, Diamond Television. Sponsoring the FIFA Qatar World Cup 2022 tournament enabled the Company a wide platform for brand awareness and affinity.

We invested USD2.2 million in 2022, pursuing the socio-economic objectives that we share with our stakeholders.

Apportioning limited resources to the abounding needs of our communities will never not be a challenge as the purse strings can only stretch so far. We are also mindful that failing to properly appreciate what matters may result in us appropriating resources to needs and causes that are not as important to our stakeholders as we might deem, or in excluding certain stakeholders. To mitigate that challenge and avoid the risk of misalignment, we challenge ourselves to keep an ear and eye out, and to find different ways to engage with the different stakeholders to foster inclusion.

In 2023, we expect to plough resources into areas that resonate not only with the business but also with the communities that we partner with. We understand that growing value cannot be done in isolation and continue to open ourselves to cultivating relationships that are healthy and fertile to produce innovative outcomes to prosper our business, our communities, and the planet.

OUR OPERATIONAL SUSTAINABILITY



CEC operates a high voltage electricity network to very stringent standards to assure the stability, efficiency, and sustainable long term value creation from the use of its extensive power infrastructure. The evolving imperatives of the market demand that our operations stay attentive to not only maintaining high standards but also to incorporating new thinking and practice. We have taken a holistic approach to creating a network of the future that integrates renewable energy into our supply mix, repurposing and retrofitting assets to make them more environmentally responsive and resilient as we drive towards a carbon and climate-neutral operation. We continue to plan the development of our electrical system to meet future energy demands, improve system and cost efficiency, and increase renewable energy integration to assure the provision of timely and effective customer service.

Power System Operations

We operate our high voltage network to a high degree of reliability to ensure security of power supply to our customers. This includes system monitoring and operations, maintenance activities, and identification and rectification of network defects as soon as they occur.

Network performance

The performance of our network was generally satisfactory and compliant with regulatory standards. However, on 20th December 2022 the Copperbelt experienced a total loss of supply from the national grid for approximately 30 minutes. Restoration of power supply was completed within one hour. Resulting from the interruption, CEC lost a total load of 765MW.

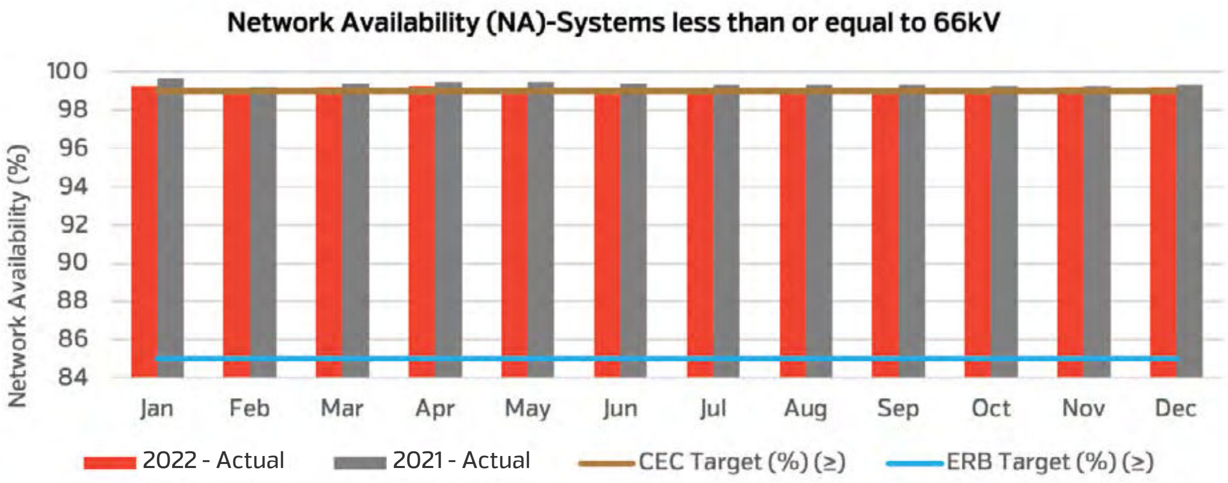
System maintenance and defects

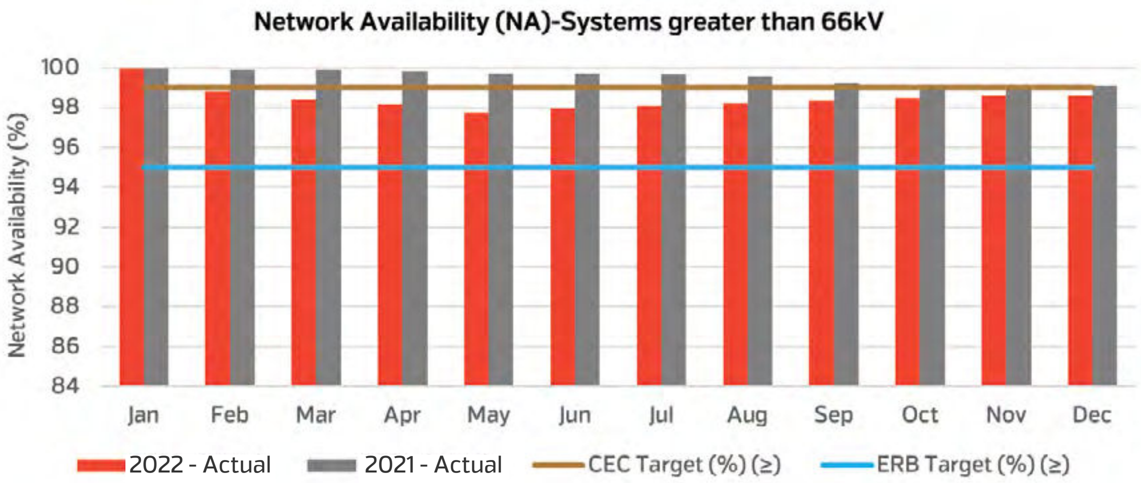
Global recovery from the ravages of COVID-19 began in 2022, in earnest. Despite having suffered operational, supply chain and social disruptions induced by the pandemic, we registered strong recovery in 2022, supported by the stringent preventive measures adopted by the Company. Within those stringent guidelines, we took measures to balance the health of our staff and the network maintenance activities critical to sustaining our operations and ensure a full recovery. As a result, our power system emerged largely unscathed from the pandemic and continued to serve our customers as satisfactorily as before.

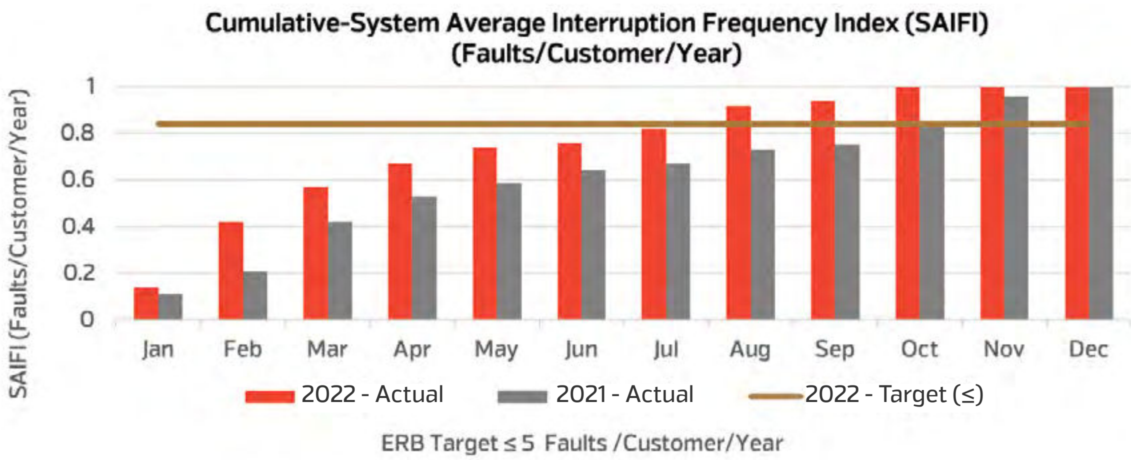
The recovery in our normal maintenance routines was notably strong, almost meeting the set target of 85% by year end and virtually all the defects were attended to, thanks to the commitment of our staff. Against this background, our high voltage transmission and distribution system performed largely satisfactorily. The blip on an otherwise perfect record were a few defects, registered mainly on our transformers with one each recorded at the 220/66kV (and associated neutral earthing compensators – NECs) and 66/11kV voltage levels. These were mainly caused by through faults from external customer circuits. The impact on power supply to our customers was negligible, given the n-1 design of our network which has built-in redundancy and enables our customers to be supplied through various circuits. All the fault incidents and defects were fully investigated and resolved by our engineers.

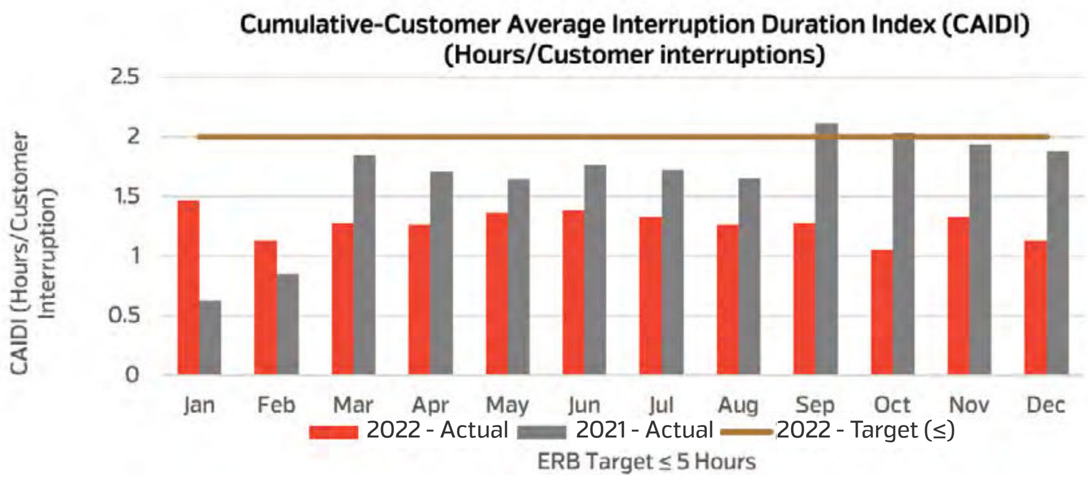
Quality of supply

During the period under review, we maintained high levels of performance and conformity to regulatory standards for those key performance indicators which are the subject of national regulation, such as average network availability and voltage regulation. We monitor a number of KPIs and we have challenged ourselves by setting tight internal standards that are more stringent than the regulatory requirements. Four of these are Network Availability for Systems less than or equal to 66kV and greater than 66kV, SAIFI and CAIDI. Although our consistent performance is largely satisfactory, we recognise the fact that these KPIs are averages. Therefore, for selected KPIs that may require more detail, we zero in with internal assessments to capture the quality of supply at individual customer levels. These, together with annual customer surveys, allow us to manage any deviations that may affect individual customers. We also encourage our customers to alert us through established channels whenever there are specific areas of concern in their individual operations. This allows us to address their specific concerns and to engage them with technical advice in areas they can do better and for equipment under their control.


Network Availability (NA)-Systems less than or equal to 66kV
Network Availability (%)
100
98
96
94
92
90
88
86
84
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2022 - Actual
2021 - Actual
CEC Target (%) (≥)
ERB Target (%) (≥)


Network Availability (NA)-Systems greater than 66kV
Network Availability (%)
100
98
96
94
92
90
88
86
84
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2022 - Actual
2021 - Actual
CEC Target (%) (≥)
ERB Target (%) (≥)


Cumulative-System Average Interruption Frequency Index (SAIFI) (Faults/Customer/Year)
SAIFI (Faults/Customer/Year)
1
0.8
0.6
0.4
0.2
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2022 - Actual
2021 - Actual
2022 - Target (≤)
ERB Target ≤ 5 Faults /Customer/Year


Cumulative-Customer Average Interruption Duration Index (CAIDI) (Hours/Customer interruptions)
CAIDI (Hours/Customer Interruption)
2.5
2
1.5
1
0.5
0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2022 - Actual
2021 - Actual
2022 - Target (≤)
ERB Target ≤ 5 Hours

We have previously reported on the dynamic stability studies project involving the installation of reactive power compensation equipment at our Luano Substation, whose objective is to stabilize the network during system disturbances, reducing the impact on our customers and increasing the power transfer capacity of the Zambia-DRC 220kV interconnector. The study recommendations were approved by the Board to be implemented in 2023.

Network Safety

We place a high premium on the safety of our people who work on the high voltage network through strict safety guidelines, procedures, and practice. We are happy to report that we did not record any breach of system regulations due to human error. Implementing the Company's revised system safety regulations was slightly delayed due to COVID-19 health restrictions impacting international supply chains, which affected procurement of equipment and materials. However, much work has been done and we expect to complete the exercise in the first quarter of 2023.

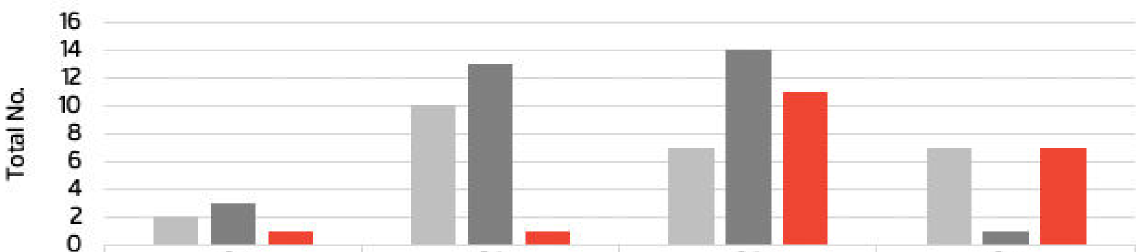
Vandalism and theft of CEC assets

Vandalism and theft of conductors on our 66kV overhead transmission infrastructure continues to be a menace. 2022 presented us with 20 cases of vandalism of transmission lines, with 18 of those incidents occurring in the last six months of the year. This reflects the increasing audacity of the criminals and is a potent threat to the security of power supplies to our customers, particularly the sensitive mining customers.

Apart from the financial loss and threat to the security and reliability of power supply to our customers, our security officers and lines maintenance crew are subjected to considerable physical and mental stress as they strive to track the criminals and repair vandalised transmission lines, sometimes at awkward times.

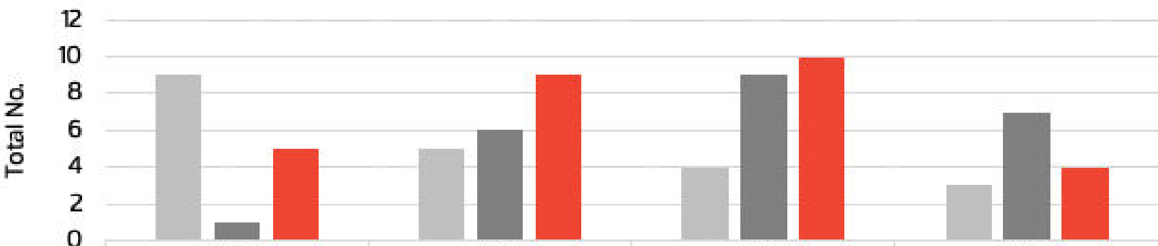
Security line patrols, security surveillance in collaboration with state security, and community sensitisation are some of the efforts constituting our continued and intensified fight against this scourge. We are happy to report that during the last three months of the year our security surveillance operations yielded results, with the arrest of at least ten suspected criminals including two suspected masterminds. These criminals are in custody and are now appearing before the courts of law. More measures, including technology-based security surveillance, have been mooted to be deployed beginning 2023. We believe that when all these measures are implemented, the criminals will not carry out their activities with impunity for much longer.

Overhead Copper Conductor Thefts



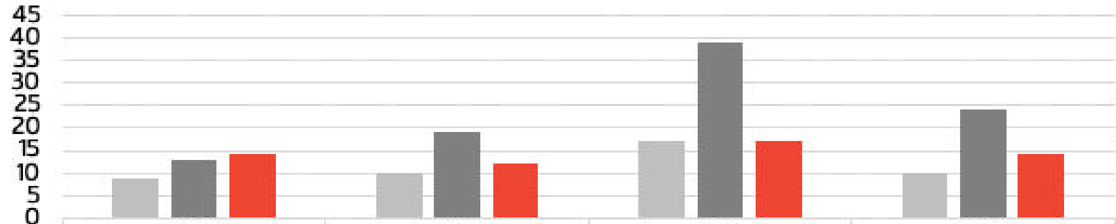
	Q1	Q2	Q3	Q4
2020	2	10	7	7
2021	3	13	14	1
2022	1	1	11	7

Cable Thefts



	Q1	Q2	Q3	Q4
2020	9	5	4	3
2021	1	6	9	7
2022	5	9	10	4

Encroachments



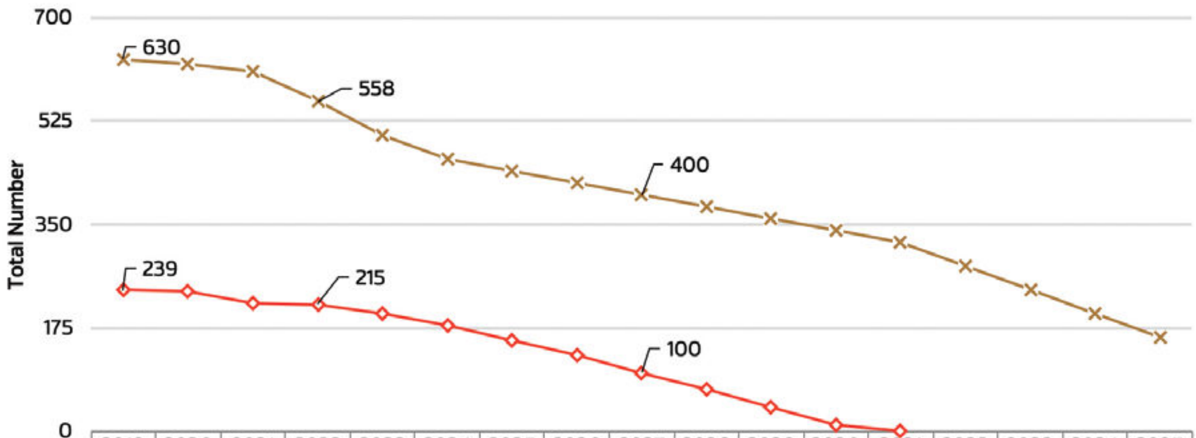
	Q1	Q2	Q3	Q4
2020	9	10	17	10
2021	13	19	39	24
2022	14	12	17	14

Asset management and capital expenditure

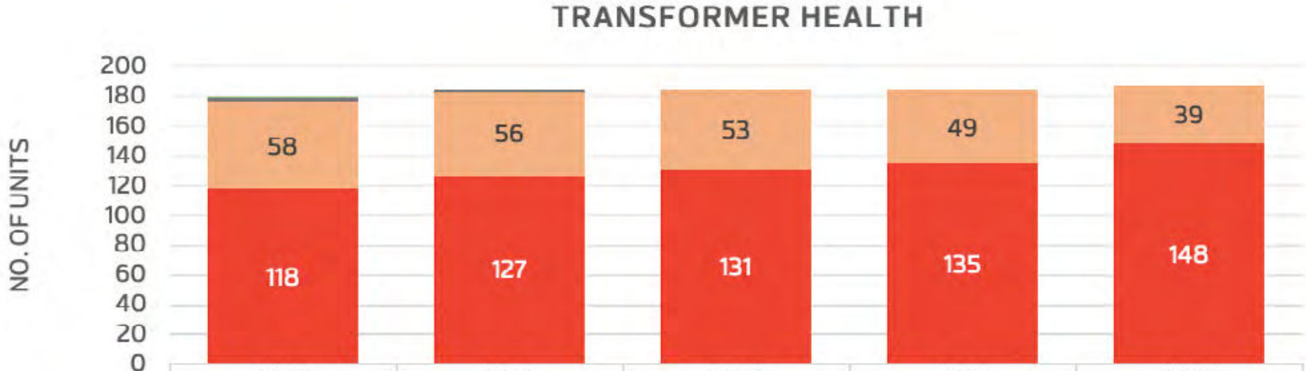
Our ten-year rolling asset replacement programme has yielded substantial benefits to the business in terms of network reliability, lower maintenance costs, availability of spare parts, and quality of the service offering to our customers.

On the primary network equipment, the programme has so far targeted 66kV oil circuit breakers, 220kV air blast circuit breakers, manual isolators and transformers. We have achieved a healthy fleet of transformers such that no massive investment in new transformers will be required in the near future save for new transformer capacity related to growth in demand. There were no new replacements of oil circuit breakers during the year, largely due to a change of focus from SF6-gas based insulating medium to eco-friendly circuit breakers that utilise a more environmentally friendly gas insulating medium. As the eco-friendly technology is still evolving and, therefore, costly we procured a combination of five eco-friendly and ten SF6 units to balance the allocated budget while we evaluate the new technology. These are expected to be delivered and installed in 2023. From 2023 onwards, we see the new technology maturing and becoming cheaper, allowing us to resume the program and exceed our target of replacing 20 OCBs per year. From the previous year's procurement, we have received five 220kV circuit breakers to replace the air blast (ABCB) type. These will be installed in 2023, leaving a balance of four ABCBs to be replaced on the system.

Circuit Breaker & Disconnector Modernisation



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
OCBs	239	237	217	215	200	180	155	130	100	70	40	10	0				
Manual Isol.	630	622	610	558	500	460	440	420	400	380	360	340	320	280	240	200	160



	2018	2019	2020	2021	2022
End of Life	1	0	0	0	0
Extensive	3	1	0	0	0
Moderate	58	56	53	49	39
Health	118	127	131	135	148

Refurbishment and modernisation of our 80MW thermal power plant (GTAs) fleet continues, as provision of emergency power remains an important aspect of our service offering to our customers. Feasibility studies to assess the viability of converting the Company's existing fleet's fuel system from diesel to gas have established that the project is technically and commercially viable. Once the contractual framework for sustainable procurement of gas is established and confirmed, the project is good to start as early as 2023. This promises to be a game changer in many respects including fleet reliability, efficiency and cost reduction.

The regulatory 66kV busbar protection replacement project was completed at CSS. Luano substation is scheduled for 2023, with Kansuswa and Maposa scheduled to be completed in turn by 2026, well before the regulator's target of 2028 to complete the project at the four sites. Other projects under the ten-year asset replacement plan cover secondary equipment including other system protection, IT and telecommunications and control equipment.

Our core and support infrastructure assets comprise transformers, transmission lines, switchgear, GTAs, metering and protection, telecommunications, and mobile fleet.

Digital Transformation – Enterprise Resource Planning

The digital landscape in the energy industry is always changing and CEC is not immune to that constant change. With the growing appetite for information, utilities have no choice but to converge all their related systems operating in silos into an intelligent module for easy reporting and presentation.

Our new ERP will look to integrate digital technology into all areas of the business, resulting in fundamental changes to how businesses operate and deliver value to their customers. There are several potential upsides to digital transformation in CEC, including improved efficiencies, increased customer satisfaction, and safety enhancement. We also expect to improve our management of assets and build in more flexibility into our operations. We envisage even more benefits in the years to come as the technology continues to evolve.

SCADA/EMS System

Our power system's reliability and resilience are highly supplemented by a strong SCADA)/Energy Management System (EMS). The newly installed SCADA/EMS has been refined and all its ancillaries revamped. It is now delivering an excellent understanding of the power system to the proficient Control Room operators by providing real-time monitoring and control. With the help of the recently upgraded video wall, a multiscreen visualisation of real-time events and information drastically reduces the margins of error inherent in the manual screen selection performed on workstations. Safety risks associated with the lack of network single line diagram overview, which could increase the risk of accidents and safety incidents for operators, have been reduced. This achievement has enhanced critical decision-making during blackouts and emergency operations.

By the end of 2023, the Operator Training Simulator will be operational. It will have the ability to imitate possible fault conditions for purposes of training and managing outages. This feature and many others foster proficiency and excellent understanding of the power network for control centre operations.

Cyber Security SOC

Our Security Operations Centre (SOC) strives to unify technology, processes, and personnel in upholding cyber security standards. Our SOC proactively monitors IT enterprise and SCADA networks non-stop to thwart potential threats. To further inhibit cyber-attacks and better protect our IT assets, we are consistently modifying our SOC to keep up with technological developments.

Outlook

The Company's 2023-2027 strategic plan is designed to consolidate the previous business gains and move CEC up another level, with an ambitious plan to expand the business as the major focus.

Aligned with the planned expansion, our asset replacement programmes from the previous five-year strategic plan will continue into the foreseeable future, at a scaled-up rate to complete the programmes. We have placed much emphasis on adopting modern, climate-friendly new technologies which are amenable to digitilisation and fit into our sustainability agenda, including the reduction of carbon emissions from our operations, while addressing personnel safety requirements. New modern digital platforms such as protection relays, control equipment, as well as SCADA and telecommunication equipment form part of our digitisation of the network.

OUR COMMERCIAL SUSTAINABILITY

5,145GWh 2021 - 4,997GWh **TOTAL ENERGY IMPORT INTO NETWORK**	886GWh 2021 - 822GWh **DRC ENERGY SALES**	260MW 2021 - 248MW **DOMESTIC WHEELING**

The Company's commercial sustainability continues to be driven by its long term contracts and other arrangements underpinned by robust power infrastructure, valuable assets, and relationships. We strive to achieve a balance between the various capital inputs and outputs, and relationships with our partners, customers, and other stakeholders in terms of long term value creation, commercial strategy propositions, economic benefits, and profitability, which are all integrated in delivering that balance.

Capacity and energy sales

The business environment noticeably eased during 2022 on several fronts. Contributors included the resolution of our contractual relations with some key stakeholders, particularly ZESCO, the consent judgement putting aside the 2014 ERB tariff dispute with our customers and the tapering off of the COVID-19 pandemic and its adverse effects.

The Zambian grid remained stable during the year, on account of improved availability of generating capacity following strong water inflows to most hydro power generating reservoirs in the 2020/21 rainy season and the commissioning of additional generating units at Kafue Gorge Lower Power Station, which is used conjunctively with Kafue Gorge Power Station located upstream. Consequently, all the energy requirements for our local mining customers were sourced entirely from local suppliers. ZESCO supplied the bulk of the energy while LHPC and Dangote accounted for a smaller portion of our energy supply.

Energy

The total energy import into our network increased from 4,997GWh in 2021 to 5,145GWh in 2022 and comprised:

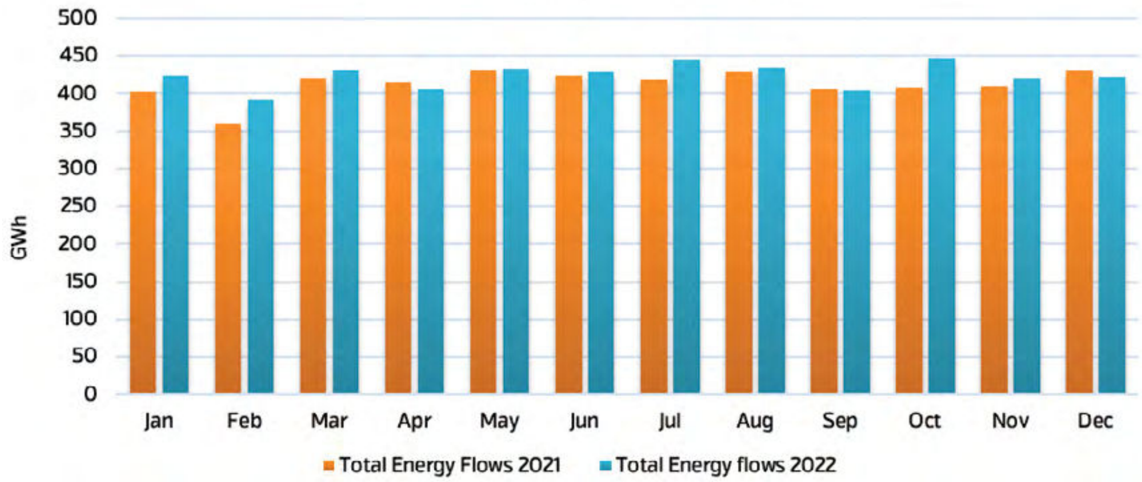
(i) 1,952GWh purchased for our mine customers in Zambia, which was 1.6% higher than the previous period at 1,921GWh. Energy sales to CEC supplied mines in Zambia was 1,893GWh;

(ii) 1,488GWh transported to KCM on behalf of ZESCO under the Use of System business segment. This was 1.9% higher than in 2021 (1,460GWh); and

(iii) 1,705GWh wheeled for ZESCO's domestic and retail customers against 1,616GWh wheeled in 2021. The 5.5% increase is attributed to the normalisation of domestic and retail demand following the cessation of load management interventions experienced in prior periods.

Technical losses in the CEC power system averaged 2.8%, consistent with the 2021 loss figure of 2.4% and well within our internally set upper band of 3%.

2022 Versus 2021 Energy Sales and Use of System



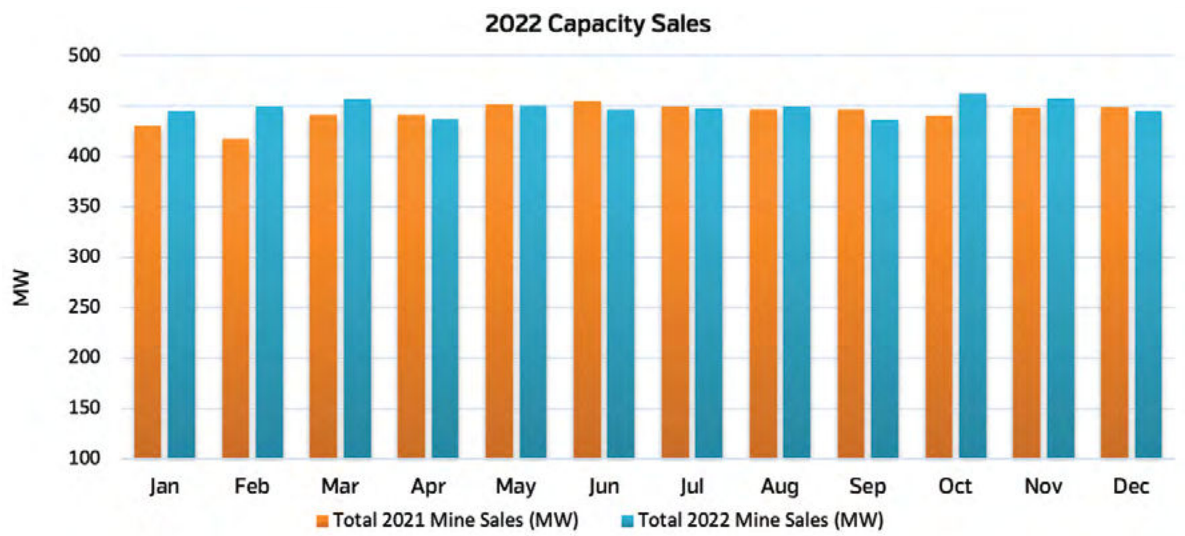
Capacity

Average capacity sales for the local mines connected to the CEC network increased from 444MW in 2021 to 449MW in 2022, broken down as follows:

(i) Capacity sales of 261MW to the mines supplied under various PSAs with the Company, which increased by 3.4% from 252MW in 2021, mainly on account of Dangote exercising its right in Q4 to purchase power from CEC. This was necessitated by the operational challenges experienced by Dangote on one of the two boilers, which resulted in a temporary suspension of power sales to CEC in September 2022.

(ii) Average capacity of 188MW sold to KCM under the Network Access segment, largely unchanged from 2021 (187MW).

As a result of reduced network utilisation, the system load factor reduced to 82% in 2022 from 84% the previous year.

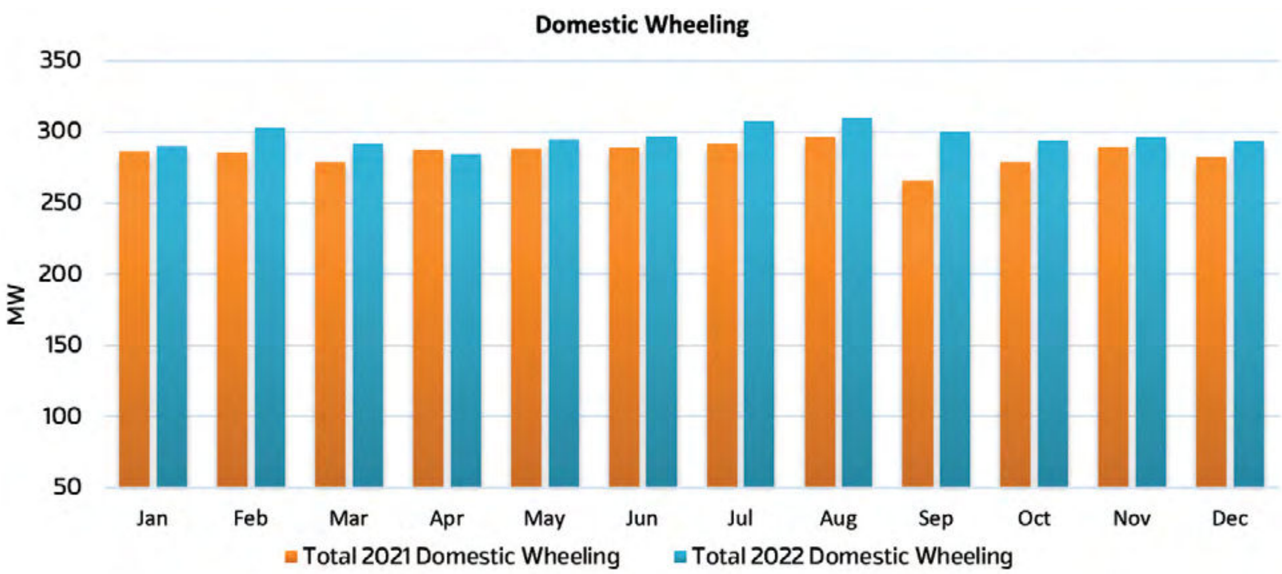


Domestic Wheeling

CEC transports power on behalf of other entities within the country. The largest portion of the Company's domestic wheeling business segment is on behalf of ZESCO. It involves the movement of power from the main points of interconnection between the ZESCO and CEC high voltage networks in Kitwe and Luano to the medium voltage ZESCO substations across the Copperbelt. The balance of the Company's domestic wheeling business is undertaken for Frontier Mine.

The average demand wheeled for ZESCO increased by 4.9% in 2022 to 260MW from an average of 248MW in 2021. The positive variance is accounted for by the cessation of load management activities.

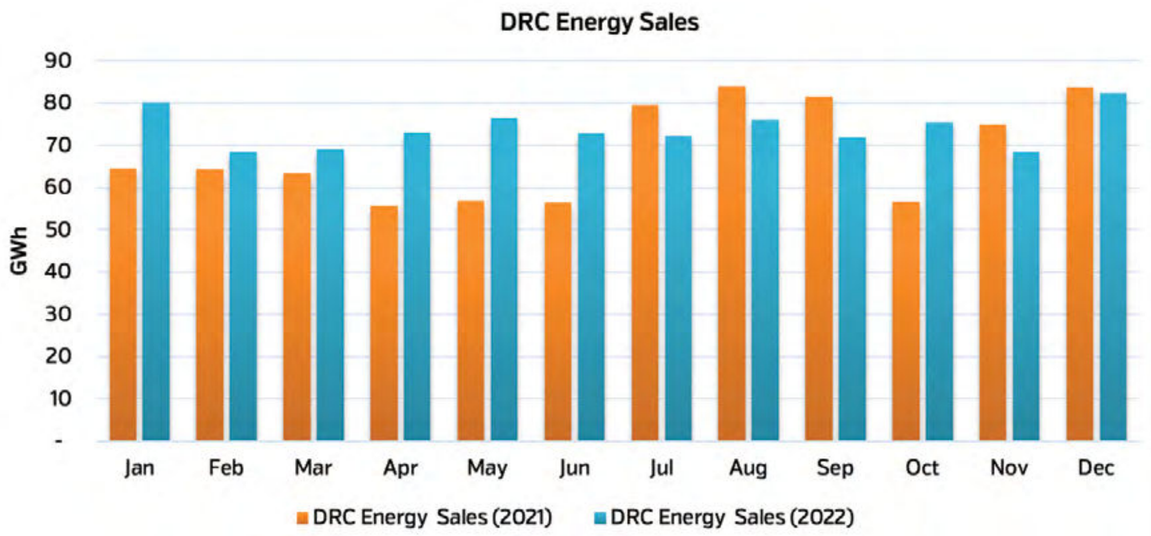
Frontier Mine, located in the DRC about 500 meters from the Zambian border, is connected to the CEC power network. As a result, the mine's entire power requirements are wheeled through our network. The average demand wheeled for Frontier Mine in 2022 remained virtually unchanged at 36MW (2021: 37MW).



Power Trading

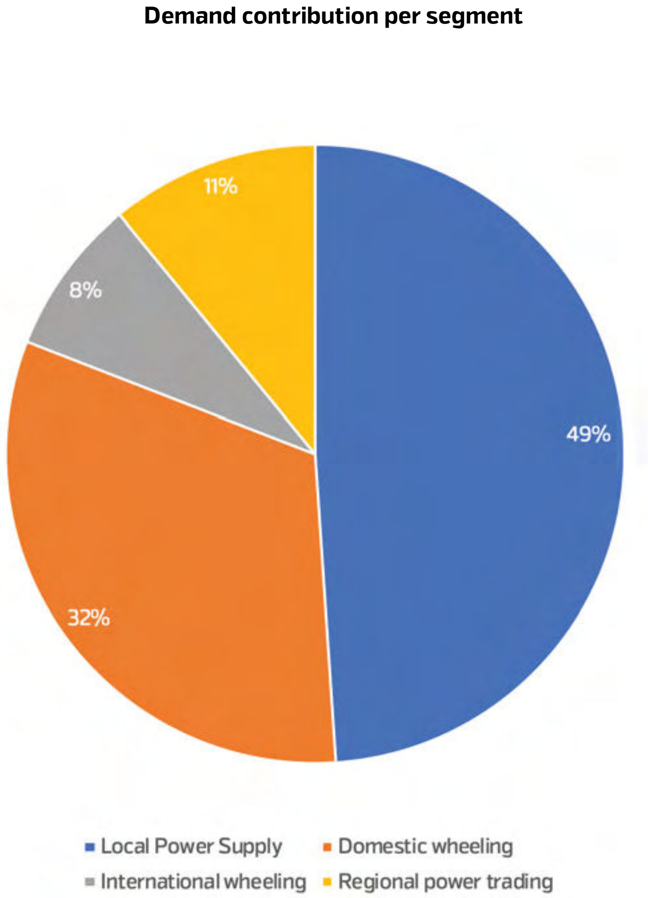
Our energy sales into the DRC increased to 886GWh from 822GWh in 2021, due mainly to increasing end-user demand. There remains a huge addressable power supply market to the mines in the DRC. Limitations on the power interconnector between Zambia and the DRC and the general energy deficit in the region are the major factors currently impeding servicing of this market.

We expect that following the resolution, in 2022, of restrictions on wheeling of our bilateral transactions through the ZESCO network, which began in 2019, we should see an increase in the sources of power available to CEC.

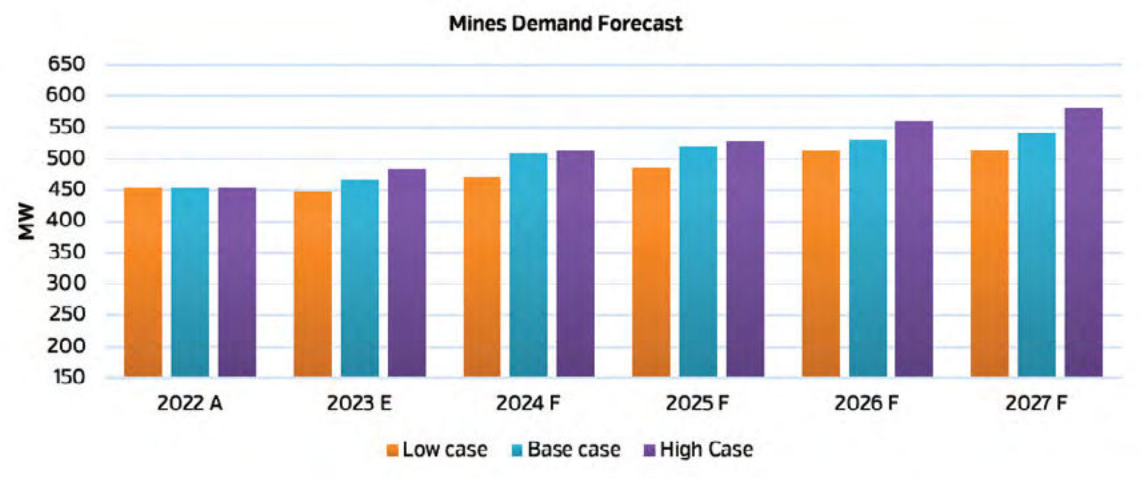


Demand Distribution

CEC's demand distribution is skewed towards local power supply at 49%, with MCM and KCM accounting for the larger share of the demand. Domestic wheeling, a service primarily provided for ZESCO, is the second largest segment. Regional power trading and international wheeling are currently the least contributors, at 11% and 8% respectively, but with more potential for growth.



Load Forecasting



We project an increase in capacity sales of about 5% on the base case in 2023 as new medium-sized mining operations commence operating. While the larger projects, namely, Mopani Synclinorium Project, Henderson Shaft and Mindola Expansion Project, and NFC South-East Ore Body are expected to rump up production within the forecast period, 2023 growth is expected to come from completed projects that are under commissioning. These are Mimbula in Chingola and Macrolink Resources in the Mwekera area of Ndola.

Securing and delivering sufficient energy to meet the increasing requirements of our customers sits at the core of our strategy. We are expanding our Riverside solar PV plant to 34MW, coming on stream in Q1 of 2023, and continue looking to local IPPs to improve the energy mix for our customers, towards ensuring that the power we supply is not only reliable but also sustainable, affordable, and modern. Working with our customers on in-situ co-generation solutions for both base load and emergency power remains an option to consider whenever viable. We are mindful of centering sustainability in our power sourcing strategy. To that end, the Company is increasing renewable sources in its portfolio in its pursuit of transitioning to cleaner sources of power. CEC intends to commence construction of its 60MW Itimpi Solar PV projects within 2023. Other renewable projects are in the pipeline. We remain eager to pursue other clean energy projects and viable business expansion projects aligned to our core business. These measures will not only enhance the Company's supply reliability but will also improve the carbon rating of its energy mix.

4. GOVERNANCE AND LEADERSHIP

Corporate Governance Framework: the Group and the Company

The CEC Group recognises that a strong corporate governance culture underpins sustainable value creation for stakeholders and provides a safeguard for all stakeholder interests. The Board is cognizant of its role of promoting effective corporate governance practices and is obligated to ensure that the Groups' strategies and values are embedded across all its companies. The Board provides ethical and effective leadership by setting the tone from the top on the way it conducts itself and oversees the business and affairs of the Company.

As a critical part of its agenda for the year, the Board considered and approved the Group's 2023 – 2027 Corporate Strategy, presented by management at the joint strategy session for the year.

This year represented a turning point for the business as the Company moved on from the difficult times and uncertainties presented by the COVID-19 pandemic and other external factors to a better and much stable situation, that presented a better outlook. The progress achieved was a result of active strategies by the Board and management, supported by an able and committed workforce to turn back the challenges and difficulties experienced in the recent past and embrace workable solutions and future opportunities.

The Company's Code of Ethics and Conduct serves as the ethical road map for the Board, management, and employees. The Code is an integral part of the Company's culture to ensure responsible and ethical business practice. The Company employs an active approach to its Code of Ethics and Conduct and promotes its implementation by effectively communicating its contents to the Board, employees, and stakeholders to ensure compliance. The Code works towards driving a common purpose, reliability, responsibility and building committed professional teams and integrity that support the Company's vision and mission, underpins its values, and defines its approach to all aspects of the business, across all governance structures.

In addition, the Company has a Conflict of Interest Policy and Guidelines which ensure that Directors and employees observe the highest standard of business and personal ethics and make disclosure of any contemplated or ongoing business or other material transactions or dealings with the Company, which have or may result in a conflict of interest. Conflict of Interest under the Policy includes direct or indirect transactions or dealings through or by interested persons including close associates, family members and others, as defined in the Policy.

To further ensure the highest standards of integrity and uphold ethical behaviour, the Company has a Whistle Blowing Policy which sets out detailed procedures on how to make a complaint, procedures after a complaint is received and whistle blower protection. Any whistle blower issues raised are followed up and actioned as required.

The Company has an Insider Trading and Dealing Policy which regulates the trading in securities by the Directors and designated persons in the Company. The policy has provisions to govern, monitor and report trading by designated persons in CEC's securities. All designated persons are prohibited from undertaking transactions in the securities of the Company during Closed (Black Out) Periods as defined in the policy and at any time during which the individual is in possession of inside information, defined in the policy. The Company has a Board Charter which requires Directors of the Board to obtain clearance of the Chairman for transactions conducted on their own account in the Company's securities.

The Company has adopted the LuSE Code of Ethics under the Listing Regulations, to benchmark and raise corporate governance standards. The Company further complies with the regulations under the Securities Act.

Together, the various codes and policies provide corporate governance guidelines that ensure good business conduct and practices that support the successful delivery of the Company's purpose and strategy.

Board of Directors

The Board comprises 12 members - a Non-Executive Chairman and a Non-Executive Vice Chairman who are both Independent Non-Executive Directors, one Executive Director and ten Non-Executive Directors. Mr. London Mwafulilwa, Dr. Patrick Nkanza, Mr. Ronald Tamale, Mr. Derek Chime, Mr. Joe M. Chisanga, Mr. Tisa Chama, Mr. Hastings Mtine, Mr. Siyanga Malumo, Mr. Thomas Featherby, Mr. Munakupya Hantuba and Mr. Arnold Simwaba are the Non-Executive Directors. Mr. Owen Silavwe, the Managing Director, is the only Executive Director on the Board. The Special Shareholder seat is held by Mr. Simwaba, who represents GRZ as the Government Director/Special Shareholder Representative.

Directors are appointed because of their considerable corporate business knowledge, skill and broad range of experience that bring value to the Company. The Directors are of the opinion that the composition of the Board provides the extensive relevant business experience needed to oversee the effective operation of the Company's activities and that individual Directors bring a diverse range of skills, knowledge, and experience, including financial as well as industry and other experience necessary to provide effective governance and oversight.

The Board's role is to promote the long term sustainable success of the Company in generating value for all its stakeholders, including employees, customers, suppliers, and the community in which it operates while developing and monitoring strategy and managing the risks that the business faces. It is responsible for embedding the Company's purpose, instilling the appropriate values and behaviours together with monitoring and assessing culture throughout the organisation.

ZCCM-IH made changes to its Board representation on 2nd March 2022, replacing Mr. Mabvuto Chipata with Mr. Tisa Chama and later, on 17th October 2022 by replacing Mrs. Mildred Kaunda, a long-standing member of the Board, with Mr. Hastings Mtine.

[A complete listing of the Directors and the committees of the Board they serve on is available on *page 57* *of this Annual Report]*

Role of Board Chairman

The Chairman is responsible for leadership, strategic direction, oversight and management of the Board. He is responsible for overseeing the Company's business and setting high governance standards.

The role of the Chairman is to ensure the effectiveness and integrity of the Board while nurturing a culture where the Board works harmoniously for the long term benefit of the Company, its shareholders, and all stakeholders. The Chairman's function is to promote, foster and facilitate positive relationships among the Directors, their contributions and effective communication among them. The Chairman plays a pivotal role in the creation of conditions necessary for the overall Board and individual Director's effectiveness both inside and outside the boardroom. He is responsible for ensuring that there is effective communication between the Board and management and for representing the Board externally.

The Chairman oversees matters relating to the governance and the effectiveness of the Board and its committees. In carrying out his role, the Chairman is required to provide independent leadership to the Board, identifying guidelines for its general conduct and performance and overseeing its administrative activities, as applicable. With the support of the Managing Director and the Company Secretary, he ensures that the Board receives accurate, timely and clear information.

Role of the Managing Director

The Managing Director is responsible for the day-to-day management activities of the Company, and for the reports and data for the decision-making by the Board. The Managing Director ensures that the Board is well informed on developments in the Company and regulating information that enables the Board to make well-grounded decisions.
The Managing Director is responsible for the results of Company and for making proposals to the Board for the strategic development of the business. He is responsible for leading the senior management team who, together, execute Company strategy with a view to creating stakeholder value.
He is equally responsible for achieving the annual and long term business targets, maintaining awareness of the internal and external competitive landscape, opportunities, customers, markets, sector developments and standards. The Managing Director acts as a liaison between the Board and management and leads the Company's internal and external communication.

Conflicts of Interest

Under the terms of their appointment, Directors have continuing obligations to update the Chairman, in or outside the boardroom as soon as they become aware of a situation that could give rise to a potential conflict of interest.

Board and Management Strategy Session

The annual Board and management session was held in October 2022 to discuss matters relating to the Group's strategies, business operations, performance, governance, projects, commercial, risk management, regulatory compliance, CSR, and human capital. The session was attended by the Board, management, and selected employees from across the Company. The 2022 strategy session considered issues related to the 2023 to 2027 Corporate Strategy.

Performance Evaluation

The Board recognises that conducting regular evaluation of its performance is essential to good corporate governance and Board effectiveness. The Board carries out an internal evaluation of the performance of itself and its committees. As part of the evaluation, each Director completes a questionnaire through a self-appraisal system, to assess the performance of the Board and the committees to which the respective Director is a member. The appraisal is undertaken to establish the Board's effectiveness in fulfilling its obligations, to determine its current strengths and weaknesses, and to develop a roadmap for sustained improvement and enhancement of its performance at Board and committee level.

The evaluation is undertaken in compliance with LuSE requirements and in conformity with the Company's Board Charter.

The assessments are collected and reviewed by the Internal Audit and Assurance department. The evaluation results for 2022 indicated collective satisfaction with the overall performance and operational effectiveness of the Board and its committees in all areas.

The Board self-assessment covers 12 areas and includes:

a. Board Structure

b. General

c. Company Secretary/Corporate

d. Effectiveness

e. Board Process and Meetings

f. Information and Communication

g. Mandate

h. Chairperson

i. Board Composition, Induction, Training, Development and Succession

j. Board Meeting Management and Policies

k. Strategies

l. Functions of the Board

Board and Committee Meetings

The Board meets quarterly, with meetings limited to six scheduled Board meetings in a year. Special Board meetings may be convened upon approval of the Board Chairman. A total of ten Board meetings were held in 2022, comprising scheduled Board and special or ad hoc meetings.

The Board committees are also held quarterly, usually two days before the main Board meeting for the quarter. Committee meetings may be held as need arises for transacting special business. The Committee meetings observe the same rules of conduct and procedure as Board meetings.

The issues considered and the decisions taken at Board and committee meetings are recorded in minutes and reported at the next meeting. Management representatives and specialist roles and functions attend the committee meetings.

In 2022, all terms of reference for the Board committees were reviewed, and modifications effected where necessary to ensure continued improvement and effectiveness in the performance of the committees.

During the period when COVID-19 was prevalent, Board and committee meetings were held virtually, to comply with health and safety regulations. However, as the COVID-19 situation improved and restrictions on physical contact lifted, in-person attendance at meetings resumed in the latter two quarters of 2022.

Annual General Meeting of the Shareholders

The AGM is the highest decision-making body of the Company. The AGM is held annually as required by law. All registered shareholders of the Company are entitled to attend the AGM. The notice convening the meeting is required to be published 21 days before the date of holding the meeting. The quorum for the AGM is a minimum of two shareholders holding between them a majority in the nominal value of the issued ordinary shares of the Company present at the meeting in person or by proxy. A separate resolution is proposed at the AGM on each substantially separate issue including a particular resolution on the adoption of the Directors' Report, the Financial Statements and Auditor's Report. Details of the votes for and against each resolution taken by the shareholder or representative proxy are announced after the result of the votes by poll. The Directors attend the AGM and are available with management to answer questions as required.

The 2022 AGM of the Company was successfully held virtually by Zoom webinar on 27th April 2022. The vote of the shareholders in respect of the business specified in the agenda was conducted by poll on all the resolutions tabled at the meeting. The resolutions were passed by a simple majority vote of the shareholders on the resolutions which were passed as Ordinary Resolutions and, by a two-thirds majority vote, on the Special Resolution passed to approve the amendments to the Company's Articles of Association.

The Board Committees

The Board has five committees, comprised of:

a. The Executive Committee

b. The Audit and Risk Committee

c. The Health, Safety, Environment and Social Committee

d. Nominations Committee

e. Remuneration and Employee Development Committee

Each committee is governed by terms of reference that provide clear lines of responsibility to it. The committees are required to report their activities and decisions to the Board. Through the committees, the Board ensures that there is a strong representation of experience, requisite knowledge, independence, foresight, and good judgement in the committees, to enable the Board to function effectively.

All committees are chaired by non-executive Directors. The executive Director is not part of the membership of the Nominations, and Audit and Risk committees, which are fully composed of non-executive Directors. The committees operate in accordance with the written terms of reference that have been approved by the Board. In carrying out their functions, the committees may not exceed the authority delegated to them by the Board.

[The Terms of Reference of the Board committees are available on the Company's website. https://cecinvestor.com/how-we-are-governed/
The attendance record of the members of the Board and committees is set out in the Directors' Report.]

Board Committee Composition and Governance Structure

The composition of the Board committees and governance structure as at 31st December 2022 were as follows:

Committees as at 31st December 2022

Board Committee Membership

DIRECTOR	CATEGORY	COMMITTEE MEMBERSHIP
London Mwafulilwa	Independent Non-Executive Director (Board Chairman)	Executive Committee (Member), Health, Safety, Environment and Social Committee (Member), Nominations Committee (Chairman)
Patrick Nkanza	Independent Non-Executive Director (Vice Chairman)	Executive Committee (Chairman), Audit and Risk Committee (Member)
Ronald Tamale	Non-Executive Director	Executive Committee (Member), Audit and Risk Committee (Member), Nominations Committee (Member)
Munakupya Hantuba	Non-Executive Director	Remuneration and Employee Development Committee (Chairman), Executive Committee (Member)
Hastings Mtine	Non-Executive Director	Executive Committee (Member), Audit and Risk Committee (Member), Nominations Committee (Member)
Joe M. Chisanga	Non-Executive Director	Audit and Risk Committee (Chairman), Remuneration and Employee Development Committee (Member)
Thomas Featherby	Non-Executive Director	Audit and Risk Committee (Member), Health, Safety, Environment and Social Committee (Member).
Tisa Chama	Non-Executive Director	Health, Safety, Environment and Social Committee (Member), Remuneration and Employee Development Committee (Member)
Siyanga Malumo	Non-Executive Director	Health, Safety, Environment and Social Committee (Member), Remuneration and Employee Development Committee (Member)
Derek Chime	Non-Executive Director	Health, Safety, Environment and Social Committee (Chairman), Remuneration and Employee Development Committee (Member)
Owen Silavwe	Executive Director	Executive Committee (Member), Remuneration and Employee Development Committee (Member)
Mutale Mukuka	Management	Executive Committee (Member)
Christopher Nthala	Management	Health, Safety, Environment and Social Committee (Member)

Remuneration of Directors

The Directors' Remuneration Policy limits Board and committee compensation to four scheduled meetings in each year, other than the Nominations Committee, which is pegged at one for the purpose of the remuneration payments. The quarterly fees paid to the Directors cover any other Board or committee meetings over and above the four scheduled meetings. Directors' fees are paid quarterly in advance at the beginning of each quarter.

Directors' fees, sitting allowances and committee fees payable to Directors of the Board are approved through the AGM of the Company by the shareholders.

[*Details of Director remuneration paid for the year 2022 are provided in the financial statements*]

Directors are covered by the Company's Director and Officers' Insurance Policy, Travel and Medical Insurance Scheme. Expenses for these benefits are met by the Company.

Internal controls

Systems of internal control are designed to manage the risk of failure to achieve business objectives and to provide reasonable assurance about whether the financial statements are free from material misstatements, whether due to fraud or error.

While the Board is responsible for the internal control systems and for reviewing their effectiveness, however, the responsibility for their actual implementation rests with the executive management.

The Company maintains a comprehensive system of internal controls to mitigate identified risks and to ensure that its objectives are consistently achieved. CEC's internal controls are based on the principle of acceptable risk being inherent to the design and implementation of a cost-effective system. This system of internal controls includes monitoring mechanisms and mitigation measures for deficiencies when they are detected. The system is benchmarked against the Committee of Sponsoring Organisations of the Treadway Commission Internal Control (COSO) - Integrated Framework.

Further, the Company has complied with the requirements of sections 146, 147 and 149 of the Securities Act, which mandates listed entities and those with registered securities to formalise and report on key controls over financial reporting using a recognised framework such as COSO.

A total of 58 key controls around financial reporting were identified and assessed for their design and effectiveness. During the period under review, no material weakness was noted.

Assurance

Three-year Internal Audit Plans are set and approved by the Board through the Audit and Risk Committee. The plans are reviewed annually. Designed on a risk-based assurance approach, they are focused on adding value to the control environment while rendering independent assurance to the Board on the effectiveness of internal controls over operational and compliance activities, and the adequacy of our governance system.

In 2022, five of the 11 internal audit recommendations brought forward from 2021 were fully implemented. During the period, 14 recommendations were raised, out of which 11 were implemented. The overall close out rate for the period stood at 64%.

RISK MANAGEMENT, ASSURANCE AND CONTROLS

Enterprise Risk Management

Risk management is a central part of CEC's strategic and business management process. It enhances the Company's confidence in the management of risks. Identifying risks from business objectives and understanding how they need to be managed to achieve those objectives will enhance management's ability to make better decisions, deliver strategic and operational performance targets, protect corporate reputation and drive shareholder value.

The risks faced by the business are both qualitative and quantitative and include reputational, financial, legal, regulatory, social, technical, safety and environmental. Risks are captured and recorded in a register in line with minimum data requirements, to ensure a degree of consistency and a structured approach to their articulation and management. The risk registers are subjected to a full review on a quarterly basis or when deemed necessary by both management and the Board.

Risk Management Process

CEC's risk management process is aligned with risk management standards (ISO 31000) and the Committee of Sponsoring Organisations (COSO) principles, the Company's code of ethics, and the Board of Directors' directives on effective and efficient management of risks in the Company. These have provided the Company with the ability to achieve its mission, vision, and strategic objectives.

The Company's risk management process takes a company-wide approach to the proactive identification and assessment of risks and assigning mitigation measures that are managed and monitored. The Company uses both the top-down (executive / management level) and bottom-up (operational level) approaches to identify risks. Risk registers, covering strategic, operational, financial, regulatory, reputational and compliance risks are completed across the various departments, with the impact and likelihood of occurrence for each risk determined using a defined matrix. This matrix is a standard statistical tool (heat map) which CEC has adopted to assess and rank the identified risks.

Governance & Leadership

CEC applies the Enterprise Risk Management framework to identifying potential events or circumstances that may affect it and to manage the associated existing and emerging risks. The risk management framework comprises several discrete steps to identify, analyze, evaluate, mitigate, and report the risks so as to increase the probability of success, and reduce both the probability of failure and the uncertainty of achieving the Company's overall objectives. It marshals an understanding of the potential upside and downside of all those factors, which can affect the business. The Board of Directors has the overall responsibility for the Company's risk management strategy. The roles and responsibilities for managing risks across the Company are clearly defined as shown in the table below.

ROLE	RESPONSIBILITIES
BOARD	Overall responsibility for corporate strategy and risk management. Defines the Company's appetite for risk, monitors implementation by management and assesses the effectiveness of internal controls
AUDIT AND RISK COMMITTEE OF THE BOARD	Reviews the effectiveness of the Company's risk management framework and internal controls. Oversees the effectiveness of the Assurance and Internal Audit department to determine the appropriateness of internal controls and recommendations, and that appropriate action is being taken
RISK AND BUSINESS CONTINUITY MANAGEMENT COMMITTEE	Manages and delivers the Company's risk strategy. Monitors key risks and compliance with relevant laws. Regularly reviews the Company's risk management framework
DIRECTORATE MANAGEMENT	Provides oversight, management, and review of operational risk
HSESR DEPARTMENT	Provides guidance on the risk management process, reviews the risk assessment methodology and ensures that risks are managed in line with the Company's risk management policy
ASSURANCE AND INTERNAL AUDIT DEPARTMENT	Monitors compliance with the Company's internal controls and policies. Conducts internal audits

Key Business Risks

The status of the key business risks at the end of the year are shown in the table below. As reported elsewhere in this report, the most significant challenging risks the business had faced were addressed. Given the improved business environment we remain confident that, going forward, the identified risks and any new risks that may emerge will be adequately addressed. This should put the Company in a better position to focus on its strategic objectives.

No.	Risk Category	Risk Description	Impact
1	**Financial & Regulatory**	Lack of commercial agreement for network access (use of network) and other arrangements	Loss of revenue due to unpaid invoices for network access Continuing disputes between CEC and the customer on arrangements relating to network access and matters relating to the period when there was no firm contractual agreements for power supply
2 & 3	**Financial & Commercial**	Payment default by key customers, putting CEC's finances under strain	Negative impact on the Company's cash flow Reduced liquidity Adverse impact on overall financial position
		Inability to meet customer demand due to power deficits in the region	Increased prices and reduced margin
4	**Economic**	Adverse changes in the global economic factors leading to increased cost of borrowing	Increased debt service costs Increased CAPEX and OPEX

On the heat map, the total risk score is derived from the intersection of the assessed impact and likelihood. The risks that have been identified in the table above are depicted in the risk heat map below.

Key Business Risks Heat Map

Extreme	**C6**	**21**	**30**	**32**	**34**	**35**	**36**
Major	**C5**	**17**	**27**	**28**	**3** **29**	**31** **2**	**33** **1**
High	**C4**	**14**	**22**	**23**	**24**	**25** **4**	**26**
Moderate	**C3**	**8**	**15**	**16**	**18**	**19**	**20**
Minor	**C2**	**2**	**9**	**10**	**11**	**12**	**13**
Insignificant	**C1**	**1**	**3**	**4**	**5**	**6**	**7**
		L1	**L2**	**L3**	**L4**	**L5**	**L6**
		Almost impossible	Very unlikely	Unlikely	Likely	Very likely	Almost certain
		Likelihood					

DIRECTORS' REPORT

The Directors have pleasure in submitting to the shareholders, their report on the Group financial statements and financial statement for Copperbelt Energy Corporation PLC ("the Company") for the year ended 31 December 2022.

The Directors' Report has been prepared and is published in accordance with, and with reliance upon, applicable Zambian company law and the liabilities of the Directors in relation to this report are subject to the limitations and restrictions provided by such law.

1.0 The Company

CEC is a public limited company incorporated under the Companies Act of Zambia and is listed on the LuSE.
The Company's registered office and principal place of business is its headquarters at Stand 3614, 23rd Avenue, Nkana East in Kitwe.

2.0 The Group

The Company has direct shareholding in the following companies:

- CEC-Kabompo Hydro Power Limited, a subsidiary company incorporated to develop the small to medium size Kabompo hydro power generation project in Zambia's North-Western Province;
- CEC DRC Sarl, a subsidiary company registered and domiciled in the DRC, established to secure the power trading business segment and grow the Company's interest in that country;
- CEC Renewables Limited, a wholly owned subsidiary company registered and domiciled in Zambia, incorporated for CEC's renewable energy business;
- Power Dynamos Sports Limited, a special purpose vehicle which runs the football club, Power Dynamos;
- CEC-InnoVent Garneton South Solar Ltd and InnoVent-CEC Garneton North Solar Ltd are special purpose vehicles registered and domiciled in Zambia, are associate companies. The companies were established to carry out the solar projects awarded to the consortium, under the GET FiT Zambia Solar Program.

3.0 Principal activities of the Group

The principal activities of the Group are the generation, transmission, distribution, supply and trade of electricity primarily to mining customers located in the copper mining regions in Zambia and the DRC.

The Company's core business remains the generation, transmission, distribution and supply of electricity to the mines in the Copperbelt. There were no significant changes in the nature of the principal activities of the entity during the year under review.

4.0 Share capital and shareholding structure

The Group
The authorised, issued and fully paid share capital of the Group is:

	2022 Number of Shares Authorised	Issued	2022 Value ZMW'm
The Company	2,000,000,000	1,625,000,597	16.250
CEC-Kabompo Hydro Power Ltd	15,000	15,000	0.015
CEC DRC Sarl	80,100	80,100	40
CEC Renewables Ltd	100,000	100,000	0.1
Power Dynamos Sports Ltd	10,000	10,000	0.01
CEC-InnoVent Garneton South Solar Ltd	15,000	15,000	0.015
InnoVent-CEC Garneton North Solar Ltd	15,000	15,000	0.015

The Company

The authorised share capital of the Company is K20,000 thousand, divided into 2,000,000,000 ordinary shares of a par value of K0.01 each and 1 special share of K1.40 held in the Company by the Government of the Republic of Zambia. The Company's share register and other Company records are maintained at its registered office.

As at 31st December 2022, the shareholding in the Company was as follows:

Marina IV/Marina V (Singapore) Pte Ltd	466,558,433
ZCCM Investments Holdings PLC	391,795,562
Private Individuals/Institutions	349,333,072
Zambian Energy Corporation (Ireland) Limited	215,315,790
Standard Chartered Zambia Securities Services – Nominees	105,667,525
Standard Chartered Private Equity	96,330,215
Government of the Republic of Zambia (Golden Share)	1 Special Share

All ordinary shares have the same rights, including the rights to one vote per share at any general meetings and equal proportion of any dividend declared and paid. The rights and obligations to the shares in the Company are provided in the Articles of Association.

5.0 Significant shareholding in the Company

As at 31st December 2022, substantial shareholding (5% or more) in the Company's share capital was as follows:

Marina IV/Marina V (Singapore) Pte Ltd/SCPE	34.64%
ZCCM Investments Holdings PLC	24.11%
Private Individuals/Institutions	21.50%
Zambian Energy Corporation (Ireland) Limited	13.25%
Standard Chartered Zambia Securities Services - Nominees	6.50%

6.0 Directors' interests and their interests in the Company's shares

Directors' interests in the share capital of the Company are shown in the table below:

	2022	2021	2020	2019	2018
Total ordinary issued Shares of the Company					
Direct shareholding					
Owen Silavwe	3,371,856	5,128,980	3,628,981	982,500	982,500
Munakupya Hantuba	343,615	343,615	343,615	343,615	343,615
*Siyanga Malumo	113,137	113,137	100,000	-	-
Indirect shareholding					
Siyanga Malumo	81,437,063	81,437,063	81,437,063	55,940,759	55,940,759

** Shares jointly owned*

7.0 Directors' indemnity statement

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined under the Companies Act, 2017. The indemnity was in force throughout the last financial year and remains in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

8.0 Dividends

At the core of the existence of the business is the need to create value for its shareholders. Dividend distribution is one of the ways in which shareholder return is realised. The Company has adopted a dividend policy that provides for a payout of 50% of earnings; subject to the availability of cash, reserves and having provided sufficiently for working capital and other obligations.

A cash dividend of USD50.4 million was paid out to our ordinary shareholders, an increase of 35% over 2021 (USD37.4 million).

9.0 Activity of Company shares on the LuSE

The Company continued to be listed and actively traded on the LuSE. In 2022, turnover from shares traded was ZMW99.0 million (2021: ZMW55.0 million) from 30,175,478 shares bought and sold (2021: 36,734,312). Turnover was 80% higher than in 2021 with 6,790 trades registered (2021: 3,395). The shares traded at a high of K4.0, leading to the Company becoming the most valuable stock on the LuSE by market capitalisation (2021: ZMW6,142,502,256; USD339,928,182) and spurring the LuSE to top stock market performance in Africa. Having opened the year at K2.65, also the year's lowest, CEC closed at K3.78 representing year-on-year capital gains of 42.6%. Year to peak price, CEC registered a 50.9% price gain. Share performance drivers included the de-risking of the business in the market's estimation, following the falling away of litigation and arbitral proceedings involving the Company, the conclusion of the new BSA with ZESCO and a solid financial performance that included a distribution of profits to shareholders via a USD50.4 million dividend (2021: USD37.4 million) paid at ZMW0.4995 per share.

The Company's shares are traded in dematerialized form. Its transfer agent is Corpserve Transfer Agents Limited.

10.0 Financial results

The Group

In thousands of USD	2022	2021	2020	2019	2018
Revenue	374,440	342,689	370,817	408,259	421,085
Gross profit	136,371	101,304	117,729	100,607	112,156
PBIT	68,848	69,787	8,131	15,457	92,278
Net profit/(loss) attributable to equity holders	50,816	50,585	4,630	11,328	54,916
Total non-current assets	510,985	495,305	503,432	457,723	442,100
Inventory	2,670	2,836	1,874	1,605	3,044
Current assets	151,317	179,342	173,937	183,090	200,181
Total assets	662,302	674,647	677,369	640,813	642,281
Current liabilities	171,942	164,497	160,967	124,273	106,627
Loans	11,325	19,025	26,725	53,375	59,535
Non-current liabilities	158,808	181,748	213,945	163,451	164,831
Equity	331,552	328,402	301,490	352,711	370,076
Acid test ratio (Times)	0.86	1.07	1.08	1.47	1.88
Adjusted EBITDA	117,198	106,290	106,464	89,185	101,566
Return on Assets	8%	8%	1%	2%	9%
Return on Equity	15%	15%	2%	3.2%	15%
Earnings per share	0.0313	0.0313	0.0028	0.0070	0.0338

The Company

In thousands of USD	2022	2021	2020	2019	2018
Revenue	374,283	342,520	370,931	408,272	421,203
Gross profit	138,044	102,301	118,955	101,960	113,922
PBIT	76,349	70,905	9,947	17,372	94,388
Net profit/(loss) attributable to equity holders	51,340	51,249	5,609	12,246	55,856
Total non-current assets	480,164	496,858	503,313	457,557	441,973
Inventory	2,571	2,836	1,870	1,605	3,044
Current assets	183,460	178,205	171,642	182,862	200,097
Total assets	663,624	675,063	674,955	640,419	642,070
Current liabilities	171,474	163,676	159,486	124,000	106,397
Loans	11,325	19,025	26,725	53,375	59,535
Non-current liabilities	158,834	181,748	212,995	162,790	164,657
Equity	333,316	329,639	302,474	353,629	371,016
Acid test ratio (Times)	1.05	1.07	1.06	1.44	1.85
Adjusted EBITDA	117,686	106,578	108,070	91,200	103,464
Return on Assets	8%	8%	1%	2%	9%
Return on Equity	15%	16%	2%	3.5%	15%
Earnings per share	0.0316	0.0315	0.0035	0.0080	0.0340

11.0 Capital Expenditure

The Group's capital expenditure strategy and decisions for 2022 continued to focus on minimising and managing business risks, enhancing customer satisfaction and securing future business activities. Asset modernisation, renewal, and upgrade were achieved to adequately serve existing and upcoming customers. Key assets were refurbished, with a view to achieving renewed asset life and complying with the regulatory and high HSES standards required for operations.

Expanding the asset base took capital expenditure centre stage during the period. 2022 CAPEX included renewable energy projects, on which was spent USD25.9 million on developing the 33.1MW Riverside Solar PV expansion scheme and Itimpi Solar Project. Expenditure on routine capital projects was USD13.5 million (2021: USD16.5 million).

12.0 Insurance

The Group has insured its operational assets against property damage and business interruption. The Company also maintains insurance for its Directors, in respect of their duties as Directors of the Company. Besides the foregoing, the Company has cover for employer's liability, public and product liability, group life assurance, group personal accident and motor vehicle.

Total premiums paid by the Group during the year were USD2.0 million (2021: USD1.4 million).

13.0 Operations

The Company's power network performed satisfactorily, with the key quality performance indicators of network availability remaining above regulatory targets despite a few defects recorded on the 220kV part of the network. Maintenance and project activities recovered strongly from the impact of the COVID-19 pandemic.

No major incidents of widespread power failure on the national grid were experienced. However, towards the end of the year, several system disturbances emanating from the direct current network in the DRC impacted a few of the Company's customers. Network stability and quality of supply to customers during externally-induced system disturbances are being addressed through the installation of reactive compensation equipment, as part of the planned project to increase the transfer capacity of the Zambia-DRC interconnector. In the interim, the Company continues to engage its customers regarding optimum protection settings to cushion the impact of such disturbances.

The external consultant engaged to carry out a technical audit of the transmission line network successfully completed the task. Although the line infrastructure was certified to be in satisfactory condition, the Company will use the audit results to rehabilitate certain identified portions in a phased ten-year rehabilitation plan commencing 2023. With respect to addressing disturbances caused by lightning strikes on the network, installation of externally gapped lightning arrestors in identified areas of the network continued. Despite the limitations of the current methods of identifying lightning prone sections of the network, encouraging results have been registered.

Due to lower-than-normal water inflows during the 2021/22 rainy season, the water level in the Kariba Dam dropped critically low for power generation at the Kariba Complex, which serves both Zambia and Zimbabwe. The Zambezi River Authority responded by drastically reducing water allocation to both countries. Coupled with the non-availability of generation from Ndola Energy's HFO plant, projections were that Zambia would experience a power deficit by the end of the year. The phased commissioning of four of the five generating units at the new Kafue Gorge Lower power station helped mitigate the deficit. However, ZESCO still needed to implement countrywide load management from Q4 of 2022 into Q1 of 2023.

In Q4, vandalism and theft of copper conductors from the Company's overhead transmission lines increased. Intensified security surveillance in conjunction with state security resulted in the arrest of 13 criminals who, at the time of reporting, were in custody and appearing in the courts of law. In 2023, we will introduce measures based on modern technology to combat these crimes for more effective outcomes. Security surveillance will also continue.

14.0 Human Resources

The total remuneration for employees in the Group amounted to USD22.9 million compared to USD19.1 million in 2021. Below is an analysis of the Group's labour costs.

	2022 (USD'000)	2021 (USD'000)
Group	22,931	19,059
The Company	22,423	18,496
CEC-Kabompo Hydro Power Ltd	-	-
CEC DRC Sarl	225	250
CEC Renewables Ltd	-	-
Power Dynamos Sports Ltd	283	313
CEC-InnoVent Garneton South Solar Ltd	-	-
InnoVent-CEC Garneton North Solar Ltd	-	-

The table below shows the total average number of employees in the Group during the year.

Month	CEC	CEC Kabompo Hydro Power Ltd	CEC DRC Sarl	CEC Renewables Ltd	Power Dynamos Sports Ltd	CEC-InnoVent Garneton South Solar Ltd	InnoVent-CEC Garneton North Solar Ltd	Total
January	355	4	4	-	48	-	-	411
February	352	4	4	-	48	-	-	408
March	348	4	4	-	48	-	-	404
April	347	4	4	-	47	-	-	402
May	345	4	4	-	48	-	-	401
June	342	4	4	-	48	-	-	398
July	342	4	4	-	50	-	-	400
August	344	4	4	-	49	-	-	401
September	342	4	4	-	49	-	-	399
October	342	4	4	-	48	-	-	398
November	342	4	4	-	48	-	-	398
December	341	4	4	-	49	-	-	398

* The Group is committed to attracting, developing and retaining talent capable of delivering its business objectives into the future, thereby contributing to enhancing shareholder value.

15.0 The Board

The Directors who held office during the year and to the date of this report were:

Non-Executive Directors

London Mwafulilwa – Chairman
Patrick Nkanza – Vice Chairman

Siyanga Malumo
Hastings Mtine - Appointed 17th October 2022
Ronald Tamale
Joe M. Chisanga
Munakupya Hantuba
Derek Chime
Arnold Simwaba
Tisa Chama - Appointed 2nd March 2022
Thomas Featherby
Mildred Kaunda - Retired 17th October 2022
Mabvuto Chipata - Retired 2nd March 2022

Independent Non-Executive Directors

London Mwafulilwa
Patrick Nkanza

Executive Director

Owen Silavwe

Schedule of Directors' meeting attendance

The table below shows attendance of each Director and Alternate Director at Board and committee meetings (scheduled and unscheduled) held in the year 2022.

	BOARD	EXCOM	AUDIT/ RISK	REM	HSES	JOINT EXCOM/ AUDIT & RISK	NOM
Number of meetings held in the year	10	5	5	4	4	2	1
Director							
London Mwafulilwa	10	5	*	*	4	2	1
Munakupya Hantuba	9	4	*	3	*	1	*
Derek Chime	10	*	*	4	4	*	*
Siyanga Malumo	10	*	*	4	4	*	*
Ronald Tamale	10	5	5	*	*	2	1
Owen Silavwe	10	5	5	4	*	2	*
Joe M. Chisanga	10	*	5	4	*	2	*
Mildred Kaunda	7	3	3	*	*	1	*
Hastings Mtine	1	1	1	*	*	1	*
Thomas Featherby	10	*	4	*	4	2	*
Patrick Nkanza	10	5	4	*	*	2	*
Mabvuto Chipata	3	*	*	*	*	*	*
Arnold Simwaba	10	*	*	*	*	*	*
Tisa Chama	*	*	*	1	1	*	*
➢ Mutale Mukuka	10	5	5	3	*	2	*
X Christopher Nthala	*	*	*	*	4	*	*

- Director Mildred Kaunda retired from the Board on 17th October 2022
- Director Hastings Mtine joined the Board on 17th October 2022
- Director Mabvuto Chipata retired from the Board on 2nd March 2022
- Director Tisa Chama joined the Board on 2nd March 2022

* Not Applicable
➢ Chief Financial Officer, Mutale Mukuka, is a member of the Executive Committee of the Board
X Chief Operating Officer, Christopher Nthala, is a member of the HSES Committee of the Board

16.0 Directors' interests in contracts

There were no contracts of significance during or at the end of the financial year in which a Director is or was materially interested other than through shareholding interests.

17.0 Directors' fees and remuneration

The Company paid USD0.6 million to the Executive Director as remuneration and USD0.6 million to Non-Executive Directors as Directors' fees in 2022.

There was no outstanding ESOP loan from the Executive Director at year end. Members of the Board were not entitled to any form of defined pension benefits from the Company.

18.0 Corporate social responsibility

The Company's social investment programme is premised on the philosophy of creating and sharing sustainable value. Influenced by some of the deep and immediate needs of the communities among which we cultivate value, we invested in health, with partiality to paediatric health, education, natural environment preservation and social infrastructure. Distilling resources into the local economy by providing earning opportunities for local businesses of any size enables the Company to indirectly invest in capacity enhancement and employment creation. Recreation, physical activity and sports not only promote social cohesion but are also an avenue for skills development and employment. The Company extended grant funding of USD1.9 million to Power Dynamos and invested in sporting infrastructure at the Ravens Country Club. Total social investment spend in 2022 was USD2.3 million (USD1.1 million).

19.0 Compliance

The Directors confirm that the Company is not in violation of any laws and regulations that would hereby have a material adverse effect on the operation of the business and that the Company has obtained all material licences and permits that are necessary to enable it carry out its business.

20.0 Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

21.0 Other material facts, circumstances and events

The Directors are not aware of any material facts, circumstances or events which occurred between the accounting date and the date of this report which might influence an assessment of the Company's financial position or the results of its operation.

22.0 Corporate governance

The Group is committed to achieving and demonstrating the highest standards of corporate governance. The Group continues to refine and improve the governance framework and practices in place to ensure they meet the interests of the shareholders.

The Company is a listed entity and complies with the requirements of the LuSE Governance Code. The detailed Corporate Governance and Leadership Report is provided at page 54 of the Annual Report.

Auditors

At the last AGM of the shareholders of the Company, Messrs PricewaterhouseCoopers were appointed as auditors of the Company.

In accordance with the Company's Articles of Association, Messrs PricewaterhouseCoopers will retire as auditors of the Company at the conclusion of the forthcoming AGM and have expressed willingness to continue in office. A resolution for their appointment and fixing their remuneration will be tabled at the AGM.

By order of the Board

London Mwafulilwa	**Joe M. Chisanga**	**Owen Silavwe**
Director	Director	Director

Statement of Directors' responsibilities

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group. The Directors are further required to ensure the Group adheres to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of annual financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the annual financial statements set out on pages 85 to 144 give a true and fair view of the state of the financial affairs of the Group and of its financial performance in accordance with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these annual financial statements.

Signed on behalf of the Board of Directors

Director
London Mwafulilwa

Joe M. Chisanga
Director

Owen Silavwe
Director

Date: 24th March 2023

5. CHIEF FINANCIAL OFFICER'S REPORT

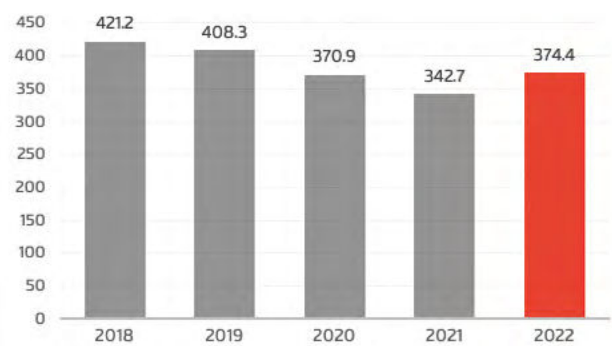
We have delivered extremely strong financial results this year, against a backdrop of increasing macroeconomic volatility, inflationary pressure, supply chain challenges and power availability constraints. This performance indicates stability ahead of the Group actualizing the much-desired growth.

Revenue

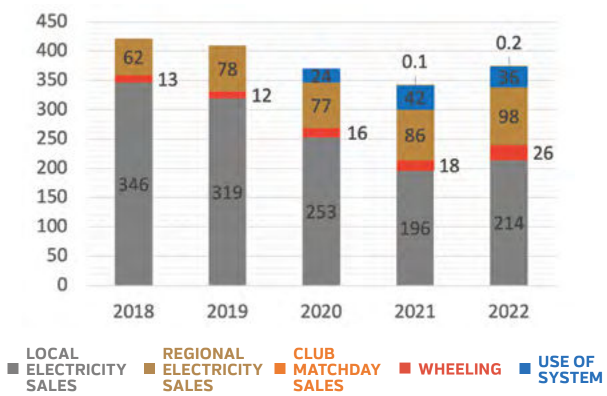
At USD374.4 million, Group revenue was well ahead of last year on a reported basis, representing a 9% increase from USD342.7 million. The surge in revenue was driven by increased local power sales and higher volumes of power wheeled through our network. Our revenue segmentation per business line is analyzed below:

i. Local power sales represent power sold to the mines in the Copperbelt region of Zambia. Sales increased by 9% (USD17.5 million) to USD213.9 million, up from USD196.4 million the prior year.
ii. Regional electricity sales, making up sales of power to the mines in the DRC through the state utility SNEL, were USD97.9 million. An increase of 14% from USD85.6 million in 2021.
iii. Wheeling services increased 45% from USD18.0 million to USD26.2 million on account of a tariff adjustment and increased third party exports to their customers in the DRC.
iv. Revenue attributed to the use of system relates to the Company's provision of services enabling third parties to supply power to mining companies. Revenue for the year from this segment was down to USD36.3 million (2021: USD42.4 million), occasioned by a reduction in tariffs.

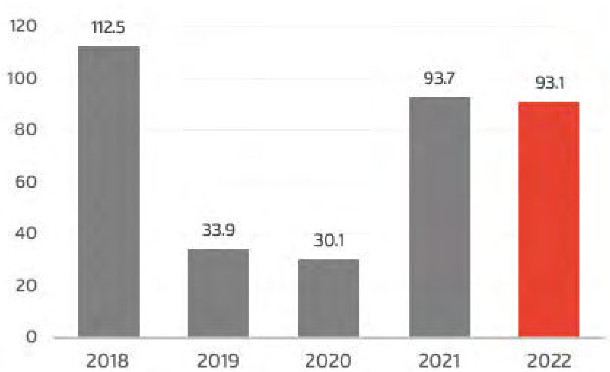
Revenue (USD'm)



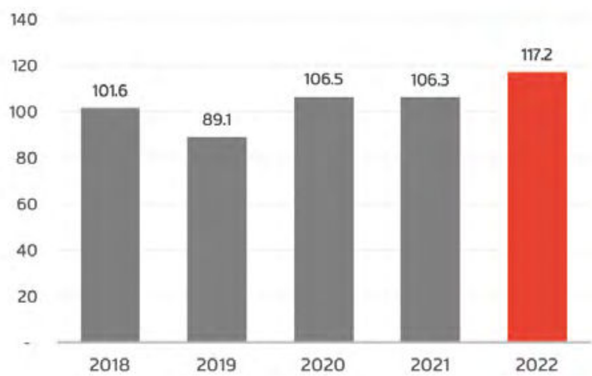
Revenue by business line (USD'm)



EBITDA (USD'm)



ADJUSTED EBITDA (USD'm)



Profitability matrices

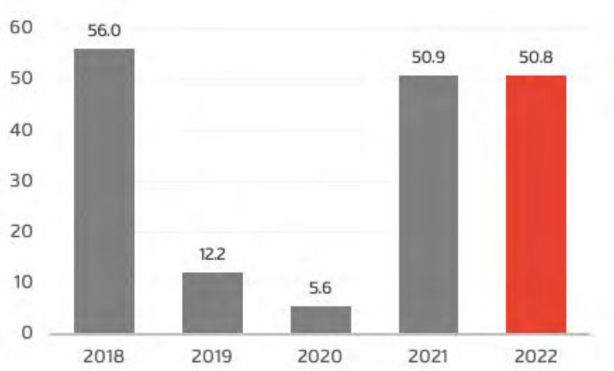
There was a general increase in financial performance reflected in revenue growth and operating profit growth.

Operating costs were significantly higher than in the prior period, owing to the materialisation of the once-off exchange loss on VAT triggered by the resolution, via consent judgment, of the 2014 ERB tariff increase dispute. Cash costs for the period were USD36.6 million compared to USD30.6 million in 2021. During the year, we calibrated the impairment model in accordance with IFRS 9, resulting in higher provision rates. Applying the higher rates resulted in the doubling of impairment losses to USD24.1 million from USD 12.6 million the prior year.

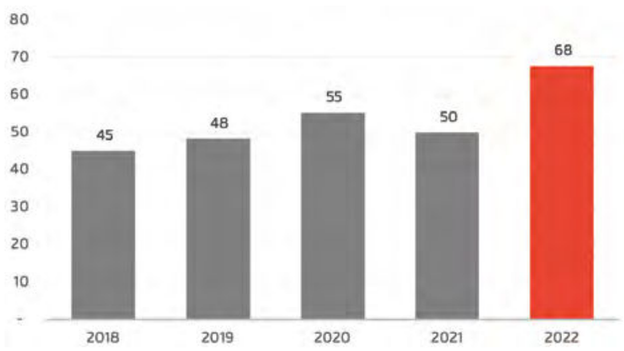
Concomitant to the increased impairment losses, EBITDA was down by 0.6% to USD93.1 million from USD93.7 million.

Consequently, profitability dipped slightly from USD50.9 million to USD50.8 million.

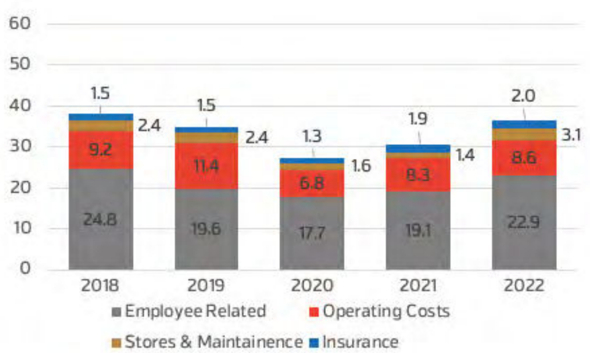
PAT (USD'm)



ADJUSTED PAT (USD'm)



CASH COSTS (USD'm)



Achievements in addressing the key risks

We are pleased to have made notable progress in addressing the key risks that we have reported on in previous annual reports.

The provision of services between CEC and ZESCO was not supported by key agreements from 1 April 2020, following the expiry of the BSA. ZESCO and CEC signed a 13-year BSA effective 1 April 2022 whose key terms include:

- ZESCO supplying up to 380MW of power to CEC,
- Reciprocity in the provision of both domestic and international wheeling services by the parties,
- Reciprocity in the provision of transmission use of system services.

- Separately, CEC and ZESCO executed a settlement and reconciliation agreement covering the terms for the provision of services for the gap period 1 April 2020 to 31 March 2022. Following the execution of the said agreement, the resultant liabilities have been settled in accordance with the agreed terms.
- The Group was party to a court action that arose out of the ERB increasing tariffs to the mines in April 2014. The mines commenced legal action challenging the decision of the ERB. Consequently, our annual reports of prior years cited a contingent asset of USD227.0 million, being receivables from our mining customers should the courts rule in ERB's favour. This would similarly trigger a contingent liability of the same amount in favour of ZESCO. During the year, the parties (the mining companies, CEC, ZESCO, GRZ and ERB) entered a consent judgement to effectively withdraw the ERB decision.

Resolving these three critical risks has enabled the Group to significantly manage the uncertainties in its operations and positions it to better apply its skills to driving its strategic objectives for value creation and improved service delivery to customers.

Our investment philosophy

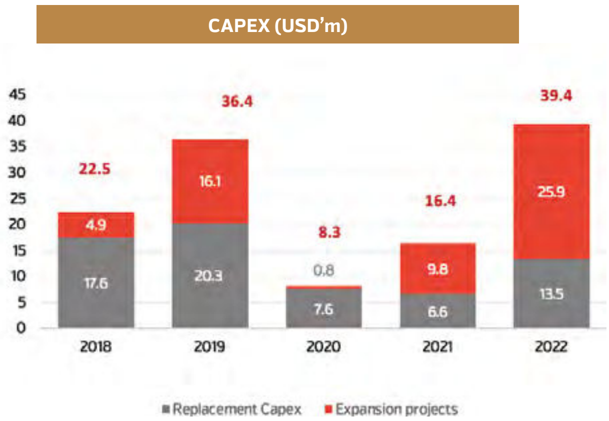
Who we are as a business is largely defined by our assets. As a capital-intensive operation, managing and maintaining our operations as well as making well-thought reinvestments are core to our strategic objectives. We invest efficiently in our network to achieve strong and sustainable asset growth over the long term. We continually assess, monitor, and challenge our investment decisions to assure our ability to continue running safe, reliable, and cost-effective networks.

Our strategy for investing in our assets is broadly split into the following anchor pillars:

- **Expansion projects** - These are typically linked to our customers' expansions projects. We collaborate with them by extending and expanding our network to facilitate the provision of power to their growth areas, including new projects requiring power connection. During the year, we worked on three projects in support of new mining operations. We connected Macrolink mine and Moxico's Mimbula mine. Both projects were concluded during the year and are on supply. The Lonshi mine grid connection commenced during the year and is expected to be commissioned in 2023.

- **Modernisation and digitisation projects** - The Group's strategy prioritises the continual investment in modern infrastructure and platforms to take advantage of technological advancements for improved service delivery. The business recognises that these investments result into attaining the much required efficiencies; allowing a more novel approach to the provision of services and improving analytical capabilities to aide decision support. In 2022, the Group invested in SCADA, telecommunication systems, SDH network and IT network upgrade, OPGW retrofit, video wall hardware and software upgrade.

- **Asset replacement program –** The right balance between asset maintenance programs and asset replacement plans is key to the overall asset management strategy. In accordance with our asset management strategic objectives, we undertake investments based on the condition of assets, which considers age and usage. The strategy is to allow for investments already made into these assets to run their full course while allocating fresh investments at the right time to renew or extend asset life. This approach facilitates effective and more efficient usage of the infrastructure in providing services to our customers. In 2022, we prioritised investments in transformer and circuit breaker replacement, GTA refurbishment and bus zone installation.



- **HSE related expenditure -** Investments in this area prioritised regulatory compliance.

- **Investments in renewables** are a priority for the business for two main reasons. Scaling up on the generation agenda is critical to our power sourcing strategy as is contributing to reducing the carbon footprint at Company, industry, and global level. This is cardinal to accelerating the global energy transformation and achieving global climate and development targets. Hence, construction of the 33.1MW Riverside solar PV expansion project and development work for the 60MW Itimpi solar PV project were accelerated.

The Company's increased investment in renewable energy spurred significantly higher capital expenditure of USD39.4 million, compared to prior years (2021: USD16.4 million).

Cash flow and balance sheet strength

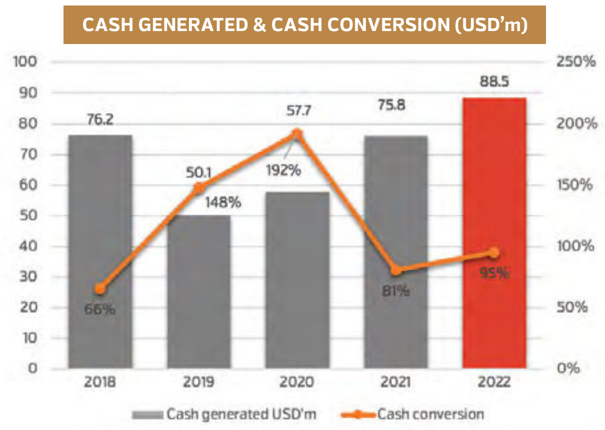
As a sole measure of business survival and long term sustainability, our ability to convert revenue to profit and cash is critical. Managing our operations efficiently, safely and for the long term, we generate substantial operating cash flows, which allow us to continue operating as a going concern. In the year under review, our cash conversion ratio was 95% against a target of 64% (2021: 81%), whereas cash generated from operations was USD88.5 million (2021: USD75.8 million). At year end, our books held a cash balance of USD83.4 million compared to USD92.7 million in 2021.

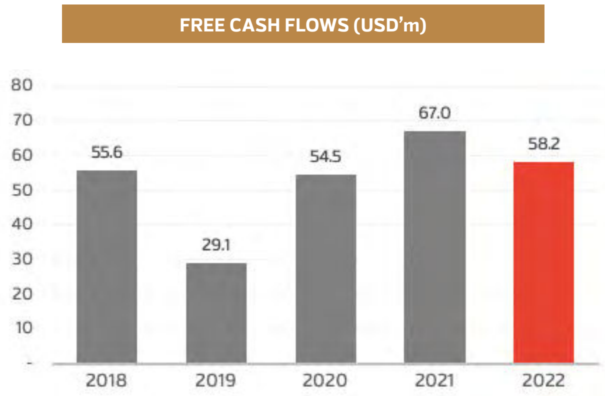
Mastering the art of converting revenue to cash allows the Group to have the necessary oxygen to take deep breaths and more options to support its strategy, in that financing ceases to be a limitation, thereby supporting the achievement of those objectives. It is an important measure that strengthens the balance sheet and enables financiers and suppliers to extend financing, when necessary, as well as making the Group attractive to investors on account of evidenced provision of a return on investment and being a natural partner for IPPs as it facilitates power offtake and investments.

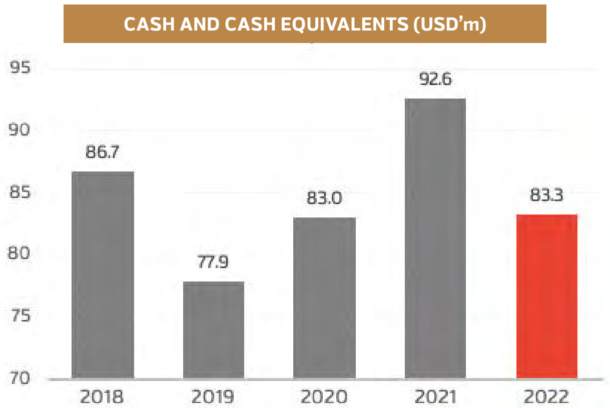
The table on page 75 shows the five-year trend of cash generated against the cash conversion ratio. We believe that cash flow provides a good measure of the real health of the Company relative to earnings, which sometimes include notional costs and are possibly more prone to being fudged.

A balanced capital structure is key to the ability of the business to optimize returns to its shareholders and to ensure that it retains a shadow rating within an acceptable range. We recognize that equity is more expensive than debt and appreciate that debt always poses more risks or could be seen as dangerous to the business during a downturn. On the other hand, it offers a possible upside when times are good. As at balance sheet date, debt was USD11.3 million, down from USD19.0 million at the beginning of the year. All the applicable measures signify an extremely low gearing for this type of operation. For a business of this nature, the current level of gearing at 3% (2021: 6%) is deemed to be low.

Maintaining a strong investment grade credit rating allows us to finance our growth ambitions at a competitive rate. Hence, we monitor the credit metrics used by the major global ratings agencies to ensure that we continue to generate sufficient cash flow to service our debts.







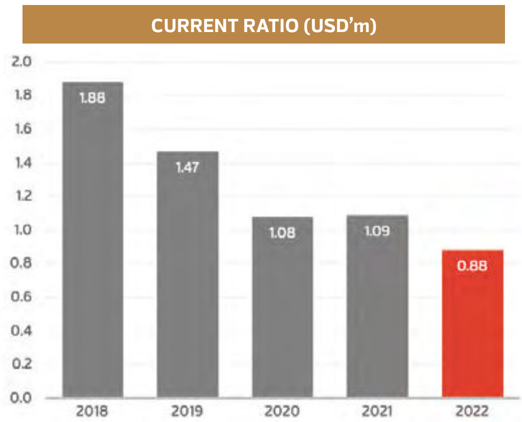
Value creation and shareholder rewards

We take a long term view to creating durable value for our shareholders, employees, and the communities in which we operate. Our strategy is to achieve sustainable growth over the long haul. The Group balance sheet is managed to ensure long term financial stability, regardless of the state of the capital markets. We are committed to creating shareholder value through sound commercial and responsible business decisions that deliver steady growth in earnings and dividends.

Our ownership structure provides us with the stability to invest in businesses that we believe in and to support their continued growth. We have largely achieved organic growth through partnerships with existing customers to improve efficiency and expand capacity. More importantly, we prioritise investments that best align with our existing businesses. In this instance, the expression 'alignment with our business' and 'cultural fit' remain key in our investment philosophy, anchoring our provision of long term quality and enabling project evaluation. Our established sound, disciplined approach to capital investments underpins our growth. Our prudently managed balance sheet has the headroom necessary to fund long-lasting investments. The Group avails funding to all its businesses, preceded by a careful analysis of their investment proposals which must be proved sound. The expected financial returns must meet or exceed clearly defined criteria. We believe that this approach, coupled with a vigorous commitment to ethical conduct and sustainable business practice, assures the creation of enduring value for all our stakeholders.

Cognizant that financing is critical to value creation, we plan to secure financing in the coming year to fund prioritised projects. This will enable us to attain a higher gearing, which currently is, as earlier stated, relatively low for the Group. As part of the overall balance sheet management, we are desirous to maintain cash at levels that are prudent for the business when matched with our commitments but also sufficient to retain an appropriate shadow rating and attract or unlock possible new power supply offtake arrangements that provide further flexibility for growth.

The Board's commitment to continued long term investment in the business, in accordance with our capital allocation priorities, was re-affirmed through the investment decisions made during the year, with a view towards the strategic plan for 2023 to 2027. With the resolution of the weighty risks to the business, earlier explained, and on the strength of successful financial performance, the Board decided to reward the Company's shareholders. Guided by the Company's dividend policy, the Board declared a substantial dividend of USD50.4 million (2021: USD37.4 million); translated into a dividend payout of USc3.1 per share, an increase of 34.8% on 2021 (USc2.3). Over a period of five years, dividend distribution to shareholders has totaled USD179.0 million, with a five-year compounded annual dividend growth rate of 18.8%.



DIVIDEND PAYMENT VS GROWTH RATE (USD'm)

Taxation

Being a responsible taxpayer, our approach to taxation ensures that we are transparent, developmental and progressive and that we consider the interests of key stakeholders such as governments, taxpayers, and communities. At the core of our taxation ethos is a recognition that tax makes a critical contribution to a civilized society and an acknowledgement that there is a moral dimension to the interpretation, application, use and payment of taxes.

Based on the foregoing, our approach to tax is consistent with the Group's broader commitment to doing business responsibly and upholding the highest ethical standards. This includes the management of our tax affairs, behind the recognition that our contributions to the treasury support the provision of public services and the wider economies of the countries we operate in. We endeavor to manage our tax affairs so that we pay and collect the right amount of tax, at the right time, in accordance with the tax reliefs and incentives where these are applicable to our business operation, but only where they are widely accepted through the relevant legislation such as those established by Governments to promote investment, employment and stimulate economic growth.

We have a strong governance framework, where our internal control and risk management framework helps us to appropriately manage risks, including tax risk. We take a conservative approach to tax risk. However, we have not set a prescriptive level of nor a pre-defined limit to the amount of acceptable tax risk.

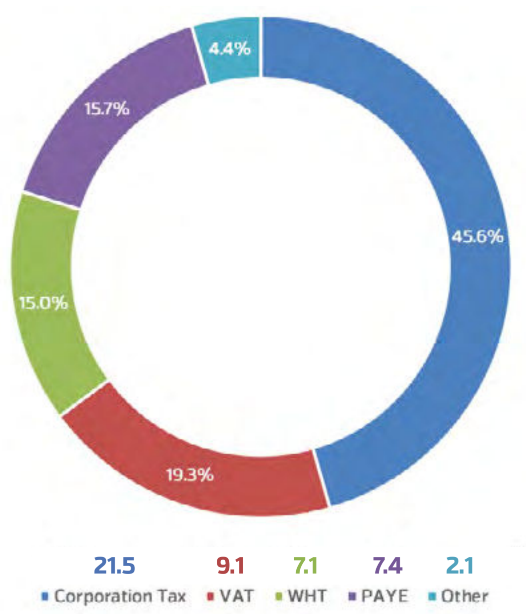
The tax disclosures in this annual report and financial statements have been taken from our financial systems, which are subject to our internal control framework.

We openly and honestly engage with the relevant tax authorities and seek to work with them in real-time. We engage proactively in the development of external policy and engage with the relevant bodies where appropriate. The ultimate responsibility and oversight of our strategy and governance rests with the Audit and Risk Committee, with executive management delegated to the Chief Financial Officer who oversees and approves the tax strategy on an annual basis.

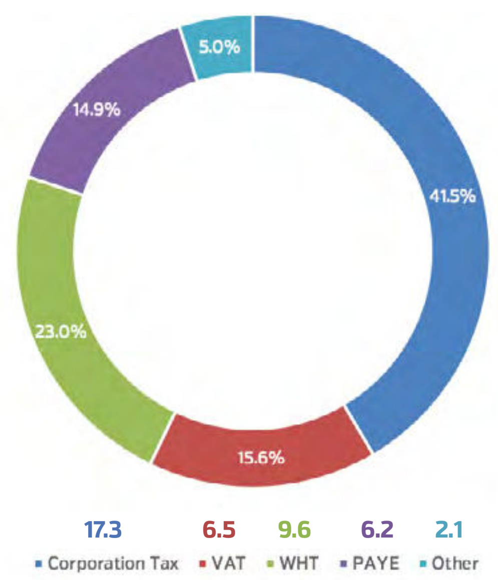
In 2022, we collected and paid into the national treasury USD47.2 million, relative to USD41.7 million in 2021, on behalf of our key stakeholders. This amount comprised indirect taxes and other payments, including PAYE, skills levy, withholding tax on services provided to the Company, interest payments on funds borrowed and dividends to shareholders.

Transfer pricing is presently not a significant issue for the Group as there are limited transactions between Group companies, but any transactions between related parties are made on arm's length basis, in alignment with the Organisation for Economic Cooperation and Development principles and in compliance with the transfer pricing regulations in the countries where our operations are undertaken.

TAXES - 2022 (USD'm)



TAXES - 2021 (USD'm)



Post balance sheet events

On 15 February 2023, the President of the Republic of Zambia, Mr. Hakainde Hichilema, commissioned the Company's Riverside 33.1MW solar PV plant which has been constructed at a cost of USD22.0 million. The solar plant is another milestone achievement in the Group's energy transition journey. Additionally, not only does it diversify the energy source mix, but it also contributes to the much-required clean energy and positively impacts the Group's net zero strategic objective.

Looking ahead and priorities for 2023

i. In line with the 2023 to 2027 strategic plan, we have set ourselves a target of achieving net zero carbon emissions by 2027 through several initiatives. One such initiative is to accelerate the energy transition agenda, by being an early adopter of building modern, resilient, and sustainable energy systems through partnerships with our customers and supply chain associates. We will seek to make significant progress in incorporating cleaner energy sources into our power sourcing portfolio. Therefore, the targeted investments in renewables will help to fast track the Company's power sourcing agenda while contributing to climate and development targets. We aim to make headways in the phased development and construction of the 60MW Itimpi solar project as a path towards the medium-term development plan of 200MW in solar projects. These developments will also require us to enhance collaboration and partnerships with customers, developers, suppliers, regulators, and local communities.

ii. The complexity and scale of our planned investments require us to have sufficient resources to see us through. This means securing partnerships with financing houses to achieve optimal financing solutions that recognize the need for green financing and long tenured instruments matching the income generation profile. In the wake of rising financing costs, achieving a commercially viable solution becomes even more paramount. In 2023, we will seek to optimize our balance sheet through structuring and commercially aligned solutions for the benefit of all key stakeholders, including shareholders, customers and the financing institutions. Making progress on our financing strategy through the optimisation of third-party financing remains a key strategic objective for 2023.

iii. The outstanding KCM debt arising from power provided and services consumed (use of the Group's infrastructure to supply power), and there being no immediate agreed settlement plan remains one of the key risks for the Group. The outstanding amount owed, with accrued interest as at the reporting date stood at USD167.5 million. Separately, USD19.1 million remains unpaid for KCM's use of the Group's infrastructure since June 2020, despite several efforts aimed at unlocking this liquidity. Our approach in 2023 will prioritise efforts to collect this debt through the ongoing arbitral proceedings. We remain open to resolving the matter through a consent settlement. Resolving the KCM matter will allow the Group to settle its creditor obligations, improve on its working capital and the balance sheet.

iv. The Group continues to face considerable headwinds from high inflation, a volatile exchange rate and high financing costs. Despite these challenges, we remain confident that our business model will deliver another year of resilient performance and further growth.

Acknowledgement

My appreciation goes to the Board of Directors for its immeasurable guidance during the last strategic period of 2018 - 2022 and specifically, throughout the year.

I earnestly recognize my team for the extraordinary commitment and support, which resulted in the execution of our objectives and contributed to delivering these exceptional results for the year, as presented.

Finally, I thank our stakeholders, in particular our shareholders and investors for their loyalty, trust and confidence in the Company, its strategy, and operations. As we look ahead, we remain resolute in serving you and delivering on our objectives.

Mutale Mukuka
Chief Financial Officer

6. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Copperbelt Energy Corporation PLC

Report on the audit of the annual financial statements

Our opinion

In our opinion, the Group and Company annual financial statements give a true and fair view of the Group and Company financial position of Copperbelt Energy Corporation PLC (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and of the Group and Company financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and the Securities Act, 2016 of Zambia.

What we have audited

The CEC Group and Company annual financial statements are set out on pages 85 to 89 and comprise:

- the Group and Company statements of financial position as at 31 December 2022;
- the Group and Company statements of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company statements of cash flows for the year then ended; and
- the notes to the Group and Company annual financial statements, including a summary of significant accounting policies.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group and Company annual financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Company annual financial statements of the current period. These matters were addressed in the context of our audit of the Group and Company annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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T: +260 (211) 334000 , F: +260(211) 256474, www.pwc.com/zm

A list of Partners is available from the address above

Key audit matter	How our audit addressed the key audit matter
Impairment of non-financial assets Excess asset capacity is considered a common indicator of impairment in the Energy and Utilities industry. The Group enters into Connection Agreements (CAs) with its customers, which outline the target annual minimum power capacity usage for the constructed network assets once commissioned. The inability of a customer to achieve the capacity targets prescribed in the CA indicate that the constructed network assets may be operating below the level that makes them economically viable. An assessment was undertaken to determine whether network assets constructed under CAs were impaired as at 31st December 2022. The recoverable amount of the CGU has been determined based on a value in use calculation. Key assumptions used in the calculation include estimation of the following: • budgeted margins; • the most appropriate discount rate; • the most appropriate terminal growth rate, We focused on this area because of the materiality of network assets as well as the significant judgements involved in performing the impairment assessment. Refer to Note 3 (*Critical accounting estimates and assumptions*).	We obtained management's impairment assessment and performed the following procedures: • agreed the cash flow forecasts to the most recently approved budgets and assessed reliability of budgeted numbers against historic performance; • tested the appropriateness of the tariffs and demand loads by agreeing to customer contracts and historical performance respectively; • tested the appropriateness of assumptions used in arriving at expected operating expenses; • assessed the reasonableness of the determined discount rate to ensure it was representative of the risks specific to the CGU by relying on work performed by our experts; • assessed the reasonableness of the long term growth rate against the historical growth rate of the business; • we evaluated the sensitivity of the value in use to fluctuations in the key assumptions applied to ascertain the extent to which the key inputs would have to change before fixed assets would be considered impaired.

Other information

The Directors are responsible for the other information. The other information comprises the Annual Report but does not include the Group and Company annual financial statements and our auditor's report thereon. Our opinion on the Group and Company annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group and Company annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group and Company annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

pwc

Responsibilities of the Directors for the annual financial statements

The Directors are responsible for the preparation of the Group and Company annual financial statements that give a true and fair view in accordance with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Securities Act, 2016 of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of Group and Company annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company annual financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group and Company annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company annual financial statements or, if such disclosures are inadequate, to modify our opinion.

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Auditor's responsibilities for the audit of the Group and Company annual financial statements (continued)

- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the Group and Company annual financial statements, including the disclosures, and whether the Group and Company annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group and Company annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all the relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the Group and Company annual financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

The Companies Act, 2017 of Zambia requires that in carrying out our audit of Copperbelt Energy Corporation PLC, we report on whether:

i) as required by section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Group and Company Auditor, have in the Group and Company;

ii) as required by section 259 (3)(b), there are serious breaches by the Group's and Company's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia; and

iii) in accordance with section 250 (2), as regards loans made to a Group and Company Officer (a Director, company secretary or executive officer of the Group and Company) the Group and Company does not state the:

- particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or
- amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

In respect of the foregoing requirements, we have no matters to report.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Chibuye.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Lusaka

29th March 2023

Andrew Chibuye
Practicing Certificate Number: AUD/F002378
Partner signing on behalf of the firm

7. ANNUAL FINANCIAL STATEMENTS

COPPERBELT ENERGY CORPORATION PLC

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Annual financial statements

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Consolidated and Company statement of profit or loss and other comprehensive income

	Notes	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Revenue from contracts with customers	6	374,440	342,689	374,283	342,520
Cost of providing services	8	(238,069)	(241,385)	(236,239)	(240,219)
Gross profit		**136,371**	**101,304**	**138,044**	**102,301**
Other (expenses)/income	7	(1,498)	16,730	(1,564)	16,474
Net impairment losses on financial assets	4b (iii)	(24,097)	(12,624)	(24,097)	(12,594)
Administrative expenses	8	(41,928)	(35,623)	(43,007)	(36,077)
Operating profit		**68,848**	**69,787**	**69,376**	**70,104**
Share of loss from equity investment	14(b)	(8)	-	(8)	-
Finance income	10	16,706	10,278	16,706	10,278
Finance costs	10	(9,725)	(9,480)	(9,725)	(9,477)
Profit before income tax		**75,821**	**70,585**	**76,349**	**70,905**
Income tax expense	11	(25,005)	(19,700)	(25,009)	(19,656)
Profit for the year		**50,816**	**50,885**	**51,340**	**51,249**
Other comprehensive income					
Items that will not reclassified to profit or loss					
Translation differences on subsidiary	21	(3)	13	-	-
Actuarial remeasurement losses	26	(9)	(1,091)	(9)	(1,091)
Deferred income tax	28	2,719	14,382	2,719	14,382
		2,707	13,304	2,710	13,291
Total comprehensive income for the year		**53,523**	**64,189**	**54,050**	**64,540**
		USD	**USD**	**USD**	**USD**
Basic and diluted earnings per share	20	0.031	0.031	0.032	0.032

The notes on pages 90 to 144 form an integral part of these annual financial statements.

Consolidated and Company statement of financial position

In thousands of USD

	Notes	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Non-current assets					
Property, plant and equipment	12	510,345	494,871	474,627	494,834
Intangible assets	13	107	69	-	-
Investment in subsidiaries	14(a)	-	-	5,004	1,659
Investment in associates	14(b)	533	365	533	365
		510,985	495,305	480,164	496,858
Current assets					
Inventories	15	2,670	2,836	2,571	2,836
Trade and other receivables	16	65,098	83,459	64,835	82,177
Cash and cash equivalents	17	83,384	92,660	83,260	92,619
Derivative financial instrument	29	165	-	165	-
Loan receivable from related party	32(iv)	-	-	32,629	-
Current income tax asset	11(ii)	-	387	-	573
		151,317	179,342	183,460	178,205
TOTAL ASSETS		**662,302**	**674,647**	**663,624**	**675,063**
EQUITY AND LIABILITIES					
Equity attributable to owners					
Share capital	18	2,849	2,849	2,849	2,849
Share premium	18	60,078	60,078	60,078	60,078
Foreign currency translation reserve	21	10	13	-	-
Revaluation reserve	22	146,070	152,408	146,070	152,408
Retained earnings		122,545	113,054	124,319	114,304
		331,552	328,402	333,316	329,639
Non-current liabilities					
Borrowings	23	3,625	11,325	3,625	11,325
Customer long term payables	24	12,851	16,337	12,851	16,337
Customer security deposits	25	3,976	9,994	3,976	9,994
Defined benefits obligation	26	2,749	2,774	2,749	2,774
Deferred income	27	18,411	20,653	18,411	20,653
Deferred income tax	28	117,196	120,665	117,222	120,665
		158,808	181,748	158,834	181,748
Current liabilities					
Borrowings	23	7,700	7,700	7,700	7,700
Customer long term payables	24	3,486	3,158	3,486	3,158
Derivative financial instrument	29	-	646	-	646
Trade and other payables	30	156,950	152,993	156,656	152,172
Current income tax	11 (ii)	3,806	-	3,632	-
		171,942	164,497	171,474	163,676
TOTAL EQUITY AND LIABILITIES		**662,302**	**674,647**	**663,624**	**675,063**

These annual financial statements were approved by the Board of Directors on **24th March 2023** and were signed on its behalf by:

Director **Director** **Director**

The notes on pages 90 to 144 form an integral part of these annual financial statements..

Consolidated statement of changes in equity

In thousands of USD

	Share Capital US$'000	Share premium US$'000	Foreign currency translation reserve US$'000	Revaluation reserve US$'000	Retained earnings US$'000	Total US$'000
Year ended 31 December 2021						
At start of year	2,849	60,078	-	147,407	91,254	301,588
Profit for the year	-	-	-	-	50,885	50,885
Other comprehensive income:						-
Translation differences on subsidiary	-	-	13	-	-	13
Transfer of excess depreciation	-	-	-	(9,054)	9,054	-
Actuarial remeasurements losses (note 26 (i))	-	-	-	-	(1,091)	(1,091)
Deferred tax on excess depreciation	-	-	-	2,716	327	3,043
Impact of change in tax rate	-	-	-	11,339	-	11,339
Total comprehensive income for the year	-	-	13	5,001	59,175	64,189
Transactions with owners						
Dividends declared (Note 19)	-	-	-	-	(37,375)	(37,375)
Total transactions with owners	-	-	-	-	(37,375)	(37,375)
At year end	**2,849**	**60,078**	**13**	**152,408**	**113,054**	**328,402**
Year ended 31 December 2022						
At start of year	2,849	60,078	13	152,408	113,054	328,402
Profit for the year	-	-	-	-	50,816	50,816
Other comprehensive income:						-
Translation differences on subsidiary (note 21)	-	-	(3)	-	-	(3)
Transfer of excess depreciation (note 22)	-	-	-	(9,054)	9,054	-
Actuarial remeasurements losses (note 26 (i))	-	-	-	-	(9)	(9)
Deferred income tax (note 28)	-	-	-	2,716	3	2,719
Total comprehensive income for the year	-	-	(3)	(6,338)	59,864	53,523
Transactions with owners						
Dividends declared (Note 19)	-	-	-	-	(50,373)	(50,373)
Total transactions with owners	-	-	-	-	(50,373)	(50,373)
At year end	**2,849**	**60,078**	**10**	**146,070**	**122,545**	**331,552**

The notes on pages 90 to 144 form an integral part of these annual financial statements.

Company statement of changes in equity

In thousands of USD

	Share Capital	Share premium	Revaluation reserve	Retained earnings	Total
Year ended 31 December 2021	US$'000	US$'000	US$'000	US$'000	US$'000
At start of year	2,849	60,078	147,407	92,140	302,474
Profit for the year	-	-	-	51,249	51,249
Other comprehensive income:					
Transfer of excess depreciation	-	-	(9,054)	9,054	-
Actuarial remeasurements losses (note 26 (i))	-	-	-	(1,091)	(1,091)
Deferred tax on excess depreciation	-	-	2,716	327	3,043
Impact of change in tax rate	-	-	11,339	-	11,339
Total comprehensive income for the year	-	-	5,001	59,539	64,540
Transactions with owners					
Dividends declared (Note 19)	-	-	-	(37,375)	(37,375)
Total transactions with owners	-	-	-	(37,375)	(37,375)
At year end	**2,849**	**60,078**	**152,408**	**114,304**	**329,639**
Year ended 31 December 2022					
At start of year	2,849	60,078	152,408	114,304	329,639
Profit for the year	-	-	-	51,340	51,340
Other comprehensive income:					
Transfer of excess depreciation (note 22)	-	-	(9,054)	9,054	-
Actuarial remeasurements losses (note 26 (i))	-	-		(9)	(9)
Deferred tax (note 28)	-	-	2,716	3	2,719
Total comprehensive income for the year	-	-	(6,338)	60,388	54,050
Transactions with owners					
Dividends declared (Note 19)	-	-	-	(50,373)	(50,373)
Total transactions with owners	-	-	-	(50,373)	(50,373)
At year end	**2,849**	**60,078**	**146,070**	**124,319**	**333,316**

The notes on pages 90 to 144 form an integral part of these annual financial statements.

Consolidated and Separate Statement of cash flows

In thousands of USD

	Notes	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Cash flows from operating activities					
Cash generated from operations	31(a)	96,606	86,960	96,548	86,984
Interest income on overdue debtors	10	14,215	8,026	14,215	8,026
Interest income on bank deposits	10	1,680	1,378	1,680	1,378
Income tax paid	11 (ii)	(21,562)	(17,306)	(21,528)	(17,306)
Benefits paid	26	(707)	(1,104)	(707)	(1,104)
Interest paid on borrowings	31(b)	(1,768)	(2,105)	(1,768)	(2,105)
Net cash generated from operating activities		88,464	75,849	88,440	75,873
Cash flows from investing activities					
Purchase of property, plant and equipment	12	(39,366)	(16,360)	(12,799)	(16,360)
Purchase of intangible assets	13	(115)	(63)	-	-
Investment in subsidiaries	14(a)	-	-	(3,000)	(13)
Investment in associates	14(b)	(168)	-	(168)	-
Loan advanced to subsidiary*	32(iv)	-	-	(23,424)	-
Net cash used in investing activities		(39,649)	(16,423)	(39,391)	(16,373)
Cash flows from financing activities					
Loan principal repayments	31(b)	(7,700)	(7,700)	(7,700)	(7,700)
Dividends paid	19	(50,373)	(41,882)	(50,373)	(41,882)
Net cash used in financing activities		(58,073)	(49,582)	(58,073)	(49,582)
Net (decrease)/increase		(9,258)	9,844	(9,024)	9,918
Movement in cash and cash equivalents					
At start of year		92,660	83,055	92,619	83,039
Net (decrease)/increase		(9,258)	9,844	(9,024)	9,918
Exchange differences		(18)	(239)	(335)	(338)
At year end	17	83,384	92,660	83,260	92,619

*The movement in loan advanced to subsidiary excludes the non-cash transfer of property, plant and equipment to related party of US$9.2 million as disclosed in Note 12.

The notes on pages 90 to 144 form an integral part of these annual financial statements.

1 General information

CEC (the "Company") is incorporated in Zambia under the Companies Act as a public limited company and listed on the LuSE. The Company and its subsidiaries (together "the Group") is involved in power generation, transmission, distribution, supply and professional football through its subsidiary football Club.

The Group is domiciled in Zambia and the address of its registered office is:

Stand No. 3614
23rd Avenue, Nkana East
Kitwe
Zambia

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these annual financial statements to the extent that they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The annual financial statements are for the Group consisting of CEC and its subsidiaries.

a) Basis of preparation

Compliance with IFRS

The annual financial statements are prepared in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS. The annual financial statements comply with IFRS as issued by the IASB.

Historical cost convention

The annual financial statements have been prepared on historical cost basis, except where otherwise stated in the accounting policies below. The annual financial statements are presented in US Dollars (US$). Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

In accordance with the Companies Act, 2017 of Zambia, the annual financial statements for the year ended 31 December 2022 were authorised for issue by the Directors per the date indicated on the statement of financial position.

The preparation of annual financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or where assumptions and estimates are significant to the annual financial statements are disclosed in Note 3.

2 Summary of significant accounting policies (continued)

i) New and amended standards adopted by the Group

The Group has adopted the applicable new, revised or amended accounting pronouncements as issued by the IASB, which were effective for the Group from 1 January 2022.

The amendments to accounting standards below, effective for the reporting period 1 January 2022 did not have any material impact on the Group's accounting policies and required no retrospective adjustments to the annual financial statements of the Group.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16.
The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37. The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020. The following improvements were finalised in May 2020:

- *IFRS 9 Financial Instruments* – clarifies which fees should be included in the 10% test for derecognition of financial liabilities;

- *IFRS 16 Leases* – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives;

- *IFRS 1 First-time Adoption of International Financial Reporting Standards* – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

2 Summary of significant accounting policies (continued)

ii) New and amended standards not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1. The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant).

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2. The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates – Amendments to IAS 8. The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12. The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

2 Summary of significant accounting policies (continued)

ii) New and amended standards not yet adopted by the Group (continued)

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and;
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28. The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

b) **Principles of consolidation and equity accounting**

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group and these are accounted for at cost less accumulated impairment.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Summary of significant accounting policies (continued)

b) Principles of consolidation and equity accounting (continued)

i) Subsidiaries (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

iii) Equity method (applicable to both Group and Company)

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of CEC.

2 Summary of significant accounting policies (continued)

b) Principles of consolidation and equity accounting (continued)

iv) Changes in ownership interests (continued)

When the Group ceases to consolidate or equity-account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of CEC has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the CODM, consists of the Managing Director and the Chief Financial Officer.

e) Foreign currency translation

i) Functional and presentation currency

Items included in the annual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars (US$) which is CEC's functional and presentation currency.

2 Summary of significant accounting policies (continued)

e) Foreign currency translation (continued)

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

f) Revenue recognition

The Group is licensed to generate, transmit, distribute and supply electricity. The Group's contracts with customers exist in various forms and typically take the form of PSAs and customary business practices, all of which have commercial substance and impact the Group's future cash flows.

2 Summary of significant accounting policies (continued)

f) Revenue recognition (continued)

The Group's main revenue streams are as follows:

- *Local electricity sales*: This primarily relates to power supply to mining companies in the Copperbelt. The unit tariffs are charged based on the customer's maximum electric demand load (capacity) and the transferred series of units of power (energy) in a given period.

- *Regional electricity sales:* This relates to the purchasing and selling of power between participants in the energy industry amongst the members of the SAPP.

- *Wheeling services:* This relates to use of the Group's transmission lines by another entity in supplying power to that entity's retail and mining consumers. Tariffs are charged per units delivered to retail and mining consumers.

The Group's promise in all the revenue streams involves the transfer of a series of units of power across the life of the arrangement with the customer. Therefore, management has determined that sale of electricity units is a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer and are, therefore, a single performance obligation.

The Group determines the transaction price at contract inception and considers the effects of:

- *Variable consideration*

  The contractual price for power supply over the term of the contracts varies as it is subjected to price indexation based on indices obtained from the US Bureau of Labor Statistics. The Group has determined that contracts with stated but changing prices for a fixed quantity of services do not qualify as variable consideration, as the indexation is considered to relate to individual service periods of series performance obligations and are, therefore, recognised in the future periods in which they arise rather than when estimating the transaction price at contract inception.

- *Existence of significant financing components*

  The Group enters into CAs with its mining customers where substation infrastructure is acquired from the customers on deferred payment terms. The consideration is variable (contingent) as payment to the customer is conditional on meeting the contractual pre-agreed minimum demand load (capacity).

  Management has determined that factors that impact the customer's ability to meet the contractual pre-agreed minimum demand load (capacity) do not relate to the quality of power but to such factors as ore grade, underground water, countrywide power deficits, copper prices, employee strikes and type of equipment used which are not substantially within the control of the Group or the customer supplying the substation infrastructure.

  Therefore, in accordance with IFRS 15, management has determined that a significant financing component does not exist as a substantial amount of the consideration promised by the Group is variable and the amount or timing of that consideration varies on the basis of the occurrence or non-occurrence of a future event (pre-agreed minimum demand load) that is not substantially within the control of the Group or the customer supplying the substation infrastructure.

2 Summary of significant accounting policies (continued)

f) Revenue recognition (continued)

- *Existence of significant financing components*

  At the date of contract inception, the Group determines the stand-alone selling prices of the performance obligations using a combination of data on observable prices from comparable arrangements, supplemented by the cost plus a margin approach. The Group allocates the transaction price to these performance obligations on a relative stand-alone selling price.

Non-cash consideration

Under the CAs, where the agreed consideration paid by the Group is lower than the fair value of the substation infrastructure acquired at the point of transfer, the excess of fair value of the assets over the agreed price is in substance a non-cash consideration paid by the customer. The non-cash consideration is recognised in deferred income as customer contributions and amortised over the service period. The service period is dependent on the validity of the PSA.

Timing of revenue recognition

Revenue is recognised over-time as the customer simultaneously receives and consumes the benefits provided by the Group's performance over the contract period. In measuring the progress over time, revenue is recognised based on the series of power units delivered to the customer. As at the end of the reporting period, there were no judgements exercised that significantly affect the determination of the amount and timing of revenue from contracts with customers. Other revenue streams recognised at point in time relate to the Club's revenue which is insignificant to the Group.

Contract assets and liabilities

Contract assets primarily relate to the Group's right to consideration for the work completed but not billed at the reporting date on the customer contracts. Contract liabilities primarily relate to the advance consideration received from the customer for which revenue is recognised when the goods and services are provided.

g) Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income. Interest income is recognised using the effective interest method.

h) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation. Valuations are performed with sufficient regularity to ensure that the fair value does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

2 Summary of significant accounting policies (continued)

h) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Land: unexpired lease term
- Buildings: 50 years
- Transmission and distribution network: 12-50 years
- Equipment distribution network: 12-50 years
- Motors vehicles: 5 years
- Fixtures and fittings: 5 years

Capital work in progress, which represents additions to property, plant and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above depreciable asset classes once they are brought into use. Capital work in progress is measured at cost less impairments.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

2 Summary of significant accounting policies (continued)

i) Leases

The following sets out the Group's lease accounting policy for all leases with the exception of leases with low-value and short term of less than 12 months for which the Group has taken the exemption under the standard and are expensed to profit or loss as incurred.

i) *Right of use assets*

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use under the contract). Right of use assets are initially recognised at cost and subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date (which do not form part of the lease liability value at the commencement date). Right of use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

The right-of-use assets are tested for impairment in accordance with IAS 36 "Impairment of Assets".

ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of all remaining lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments where the contracts specify fixed or minimum uplifts) and variable lease payments that depend on an index or a rate. The liabilities are subsequently measured at amortised cost.

The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. Due to the nature of the leased assets, the interest rate implicit in the lease is usually not readily determinable. The Group, therefore, uses the incremental borrowing rate in calculating the present value of lease payments at the lease commencement date.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

2 Summary of significant accounting policies (continued)

j) Intangible assets – player registration rights

The costs directly attributable to acquisition of rights of a player under legal agreements with a transferor club are capitalised as intangible assets and subsequently stated at historical cost less depreciation and impairment. These costs include transfer fees and ancillary costs such as agent's fees, club intermediary costs, registration and other professional fees.

Costs incurred on free agent players and youth players in the academy are expensed in profit or loss as they do not meet the capitalisation preconditions of IAS 38.

The intangible assets are amortised on a straight-line basis over the rights period, corresponding to the term of the contract that the Club has signed with the player. When a player's contract is extended, any costs associated with securing the extensions are added to the residual balance (at the date of the amendment) and the revised book value is amortised over the remaining revised contract period. Amortisation is not charged when a player is classified as held for sale pursuant to IFRS 5.

Players are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on player registration rights disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income", in profit or loss.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts, and include purchase cost, freight, insurance and non-claimable taxes. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

l) Financial instruments

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Classification and measurement

Financial assets

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when, and only when, its business model for managing those assets changes. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2 Summary of significant accounting policies (continued)

l) Financial instruments (continued)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group measures its debt instruments at amortised cost as assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. The Group's financial assets are trade and other receivables and cash and cash equivalents.

i) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

ii) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Financial liabilities

The Group's financial liabilities are classified at amortised cost, except for those derivative liabilities that are measured at fair value through profit and loss. Financial liabilities are recognised initially at fair value and inclusive of directly attributable transaction costs. The Group's financial liabilities comprise of borrowings, customer payables, trade and other payables and derivative financial instruments.

i) *Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2 Summary of significant accounting policies (continued)

l) Financial instruments (continued)

ii) *Customer long term payables (continued)*

As a result of the generic growth of the Group's customers, which in turn necessitates additional power requirements, the Group enters into CAs with its customers. The respective CAs provide for the customer to fund most of the capital expenditure required in the construction of the substation infrastructure assets. The Group acquires the assets based on deferred contingent consideration as payment to the customer is conditional on meeting the pre-agreed contractual minimum demand load (capacity). Where the customer does not meet the minimum demand load, the repayment is waived and recognised in profit or loss as other income.

Where the agreed consideration paid by the Group is lower than the cost incurred by the customer in constructing the asset at the point of transfer, the differential is accounted for as non-cash consideration paid by the customer in accordance with IFRS 15.

Per the terms of the CA, the substation infrastructure assets automatically vest in the Group with effect from the date that the Group's engineer issues a 'taking over certificate' in respect of these assets. In addition, the customer transferring the substation infrastructure warrants that the assets will vest in the Group so that the Group holds with good faith and beneficial title free from any claim, charge, lien, encumbrance, equity or third-party right and with all rights attached to the assets.

Therefore, management has determined that the arrangements are out of scope of IFRS 16, leases. As this is an outright purchase of assets based on deferred contingent consideration, the Group has adopted the financial liability model under IAS 16 as a basis for initial and subsequent measurement of the liabilities. The liabilities are initially recognised at fair value based on discounted cash flows using a current borrowing rate, with a corresponding entry to the assets. The liabilities are subsequently measured at amortised cost with remeasurement changes in the cash flows at each reporting period recognised in profit or loss.

iii) *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

iv) *Derivative financial instrument*

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes. The Group has interest swap agreements to hedge against the floating portion of the interest charged on the bank borrowings.

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The valuation techniques involve calculation of the present value of the estimated future cash flows based on observable yield curves.

2 Summary of significant accounting policies (continued)

l) Financial instruments (continued)

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Refer to Note 4(b) for further details.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Substantial modification

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument. Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss where the modification does not result in the derecognition of the existing instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. As at the reporting period, there were no assets and liabilities offset relating to financial instruments. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

m) Other current assets

Other current assets include prepayments which are amounts paid in advance during the accounting period for an underlying asset that will be consumed in a future period. When the asset is used or consumed, the prepayments are amortised, and costs are recognised in operating expenses. Prepayments are stated at their nominal values in the financial statements.

n) Share capital

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

2 Summary of significant accounting policies (continued)

o) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable accumulative preferred stock.

p) Employee benefits

i) *Pension obligations*

All local employees below 60 years are registered with the statutory defined contribution pension scheme. A defined contribution scheme is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. For the defined contribution scheme, the Group makes mandatory contributions to the National Pension Scheme Authority. These contributions constitute net periodic costs and are charged to the profit or loss as part of staff costs in the year to which they relate. The Group has no further obligation once the contributions have been paid.

Further, there is a defined benefit pension scheme, the assets of which are held in a separate trustee-administered fund. The pension scheme is funded by contributions to the pension scheme. The contributions by the Group are charged to profit or loss in the period in which the contributions relate. The Group contributes 10.7% and the employees 5% of the employees' basic salary towards the scheme.

ii) *Short term benefits*

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonuses or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

iii) *Post-retirement benefits*

The expected costs of providing post-retirement benefits under defined benefits arrangements relating to employees' service during the period are charged to profit or loss. Any actuarial assumptions are recognized immediately in other comprehensive income. In all cases, the pension costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of significant judgments in relation to assumptions for future salary and pension increases, long term price inflation and investment returns. While management believes the assumptions used are appropriate, a change in assumptions would impact the earnings of the Group.

2 Summary of significant accounting policies (continued)

q) Capital grants

Capital grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

r) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3 Critical accounting estimates and judgements

The preparation of annual financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each affected line item in the annual financial statements.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) *Impairment of property, plant and equipment*

The determination of recoverable amount, being the higher of fair value less costs to sell and value in use, requires judgement on the part of management. Recoverable amounts are based on management's view of variables such as future tariffs, revenues and costs, timing and level of future capital expenditure by the Group and the most appropriate discount rate. As at year end, the recoverable amount was greater than its carrying value and no impairment was recognised.

Details of the key assumptions and inputs used are disclosed in Note 12(b).

ii) *Defined benefit obligation*

Details of the key assumptions and inputs used are disclosed in Note 26.

iii) *Impairment of financial assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 4(b).

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury section under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

a) ***Market risk***

i) *Foreign exchange risk exposure*

Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is exposed to foreign currency risk primarily with respect to the Zambian Kwacha. To manage foreign exchange risk, the Group holds bank balances in the relevant foreign currencies and continuously monitors markets and purchases any foreign currency required at the spot rate.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in US Dollars is detailed in the table below.

	Group	**Company**
	US$'000	**US$'000**
As at 31 December 2022		
Financial assets:		
Cash and cash equivalents	10,139	10,094
Trade and other receivables	3,850	3,807
	13,989	13,901
Financial liabilities:		
Trade and other payables	(3,877)	(3,723)
Net exposure	10,112	10,178
As at 31 December 2021		
Financial assets:		
Cash and cash equivalents	10,355	10,078
Trade and other receivables	627	3,553
	10,982	13,631
Financial liabilities:		
Trade and other payables	(4,510)	(4,434)
Net exposure	6,472	9,197

4 Financial risk management (continued)

a) ***Market risk (continued)***

Sensitivity

At 31 December 2022, if the Kwacha had weakened/strengthened by 20% (2021: 20%) against the US dollar with all other variables held constant, pre-tax profit and shareholders' equity for the Group would have been as follows

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Impact on profit and equity	1,685	1,992	1,679	1,800

ii) *Cash flow and fair value interest rate risk*

The Group's main interest rate risk arises from long term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	2022	**% of total loans**	**2021**	**% of total loans**
	US$'000		**US$'000**	
Group				
Variable rate borrowings	11,325	100%	19,025	100%
Company				
Variable rate borrowings	11,325	100%	19,025	100%

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

IBOR reforms

The Group has loans that are referenced to the interbank offered rates (IBOR). The USD LIBOR will continue to be quoted for pre-existing loans until 30 June 2023, at which time the USD LIBOR quotations will cease. Accordingly, management and the lenders plan to agree on the new referenced benchmark by 30 June 2023, which is expected to be the SOFR rate.

The impact of change from LIBOR to SOFR as at 30 June 2023 is expected to be immaterial to warrant a modification or extinguishment of loans.

Sensitivity

As at 31 December 2022, with all other variables held constant, a 2% (2021: 2%) decrease/increase in the base interest rate would have resulted in change in post-tax profit for the year and shareholders' equity as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Impact on profit and equity	10	17	10	17

4 Financial risk management (continued)

b) *Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables.

i) *Risk management*

For banks and financial institutions, the Group only engages reputable well-established financial institutions. The Group's risk control unit assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the Board. The compliance with credit limits by the customers is regularly monitored by line management.

ii) *Security*

The Group does require collateral in form of cash advance payments for power supplied to the DC market. Refer to Note 26 for details.

iii) *Impairment of financial assets*

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Cash and cash equivalents
- Other financial assets at amortised cost

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group's historical credit loss experience does not show significantly different loss patterns for the various customer segments. Therefore, the grouping of trade receivables is not disaggregated into further risk profiles other than days past due.

The expected loss rates are based on the payment profiles or sales over a period of 36 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified copper prices, GDP and inflation to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The outstanding trade receivables subjected to expected credit loss calculation are net of debtors where there is a legal right to offset.

There were no changes in the estimation techniques or significant assumptions made as at the reporting period. The amount that best represents the Group's maximum exposure to credit risk is the carrying value of its financial assets as presented in the statement of financial position.

4 Financial risk management (continued)

b) *Credit risk (continued)*

i) *Impairment of financial assets (continued)*

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables:

Group	Current 0 - 445 days	46 - 60 days past due	61 - 80 days past due	Over 81 days past due	Total
2022	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Gross carrying amount	46,022	3,648	9,912	185,685	245,267
Right to offset balances (Note 25)	-	-	(3,976)		(3,976)
	46,022	3,648	5,936	185,685	241,291
Loss rates	0.82%	2.38%	15.14%	100%	
Loss allowance	(376)	(87)	(899)	(185,685)	(187,047)
Net carrying amount	45,646	3,561	5,037	-	54,244
2021					
Gross carrying amount	45,229	8,295	1,247	172,928	227,699
Right to offset balances (Note 25)	-	-	-	(9,994)	(9,994)
	45,229	8,295	1,247	(162,934)	217,705
Loss rate	0.02%	0.07%	0.10%	100%	
Loss allowance	(9)	(6)	(1)	(162,934)	(162,950)
Net carrying amount	45,220	8,289	1,246	-	54,755
Company					
2022					
Gross carrying amount	46,022	3,648	9,912	185,655	245,237
Right to offset balances (Note 25)	-	-	(3,976)		(3,976)
	46,022	3,648	5,936	185,655	241,261
Loss rate	0.82%	2.38%	15.14%	100%	
Loss allowance	(376)	(87)	(899)	(185,655)	(187,017)
Net carrying amount	45,646	3,561	5,037	-	54,244
2021					
Gross carrying amount	45,229	8,295	1,247	172,898	227,669
Right to offset balances (Note 25)	-	-	-	(9,994)	(9,994)
	45,229	8,295	1,247	162,904	217,675
Loss rate	0.02%	0.07%	0.10%	100%	
Loss allowance	(9)	(6)	(1)	(162,904)	(162,920)
Net carrying amount	45,220	8,289	1,246	-	54,755

4 Financial risk management (continued)

b) *Credit risk (continued)*

iii) *Impairment of financial assets (continued)*

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
At start of year	162,950	150,326	162,920	150,326
Charge recognised in profit or loss	24,097	12,624	24,097	12,594
At the end of the year	187,047	162,950	187,017	162,920

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables are presented as net impairment losses on financial assets in profit of loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

The loss allowance recognised is categorised as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Performing debtors	1,364	46	1,362	16
Non-performing debtors	185,683	162,904	185,655	162,904
	187,047	162,950	187,017	162,920

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Other financial assets at amortised cost

Other financial assets at amortised cost relate to staff and sundry debtors and loans receivable from related parties. All of the Group's other financial assets at amortised cost are considered to have a low risk of default and the debtors have a strong capacity to meet their contractual cash flow obligations in the near term.

4 Financial risk management (continued)

c) *Liquidity risk (continued)*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with practice and the limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

In addition, the Group's liquidity management policy involves projecting cash flows, monitoring financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

i) *Financing arrangements*

As at the end of the reporting period, the Group had no access to undrawn borrowing facilities.

ii) *Maturities of financial liabilities*

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Less than 1 year	Between 2 and 5 years	Over 5 years	Total contractual cash flows
	US$'000	US$'000	US$'000	US$'000
2022				
Borrowings	8,976	4,033	-	13,009
Customer long term payables	4,627	15,039	-	19,666
Trade and other payables (excluding statutory and contract liabilities)	154,587	-	-	154,587
	168,190	19,072	-	187,262
2021				
Borrowings	8,545	11,775	-	20,320
Customer long term payables	4,522	16,606	3,061	24,189
Trade and other payables (excluding statutory and contract liabilities)	151,221	-	-	151,221
Derivative financial instruments	646	-	-	646
	164,934	29,381	3,061	196,376

4 Financial risk management (continued)

c) *Liquidity risk (continued)*

ii) *Maturities of financial liabilities (continued)*

Company	Less than 1 year	Between 2 and 5 years	Over 5 years	Total contractual cash flows
	US$'000	US$'000	US$'000	US$'000
2022				
Borrowings	8,976	4,033	-	13,009
Customer long term payables	4,627	15,039	-	18,946
Trade and other payables (excluding statutory and contract liabilities)	154,398	-	-	154,398
	168,001	19,072	-	186,353
2021				
Borrowings	9,545	12,775	-	22,320
Customer long term payables	4,522	16,606	3,061	24,189
Trade and other payables (excluding statutory and contract liabilities)	150,223	-	-	150,223
Derivative financial instruments	646	-	-	646
	164,936	29,381	3,061	197,378

d) *Capital risk management*

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio which is calculated as Net debt divided by Total 'equity' (as shown in the statement of financial position).

During 2022, the Group's strategy, which was unchanged from prior year, was to maintain a gearing ratio of less than 50%. As at end of the reporting period, the cash position exceeded the borrowings as disclosed in Note 31(b).

Compliance with debt covenants

As at the end of the reporting period, the Group complied with all the financial debt covenants. Refer to Note 23(i) for details.

4 Financial risk management (continued)

e) *Fair value estimation*

This note explains the judgements and estimates made in determining the fair values of the financial and non-financial assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards as below:

- **Level 1:** The fair value of non-financial instruments traded in active markets is based on quoted market prices at the end of the reporting period;
- **Level 2:** The fair value of non-financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2;
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

	Level 1	Level 2	Level 3	Total
Group	**US$'000**	**US$'000**	**US$'000**	**US$'000**
2022				
Property, plant and equipment	-	-	510,345	510,345
Derivative financial instrument	-	165	-	165
2021				
Property, plant and equipment			494,871	494,871
Derivative financial instrument	-	646	-	646
Company				
2022				
Property, plant and equipment			474,627	474,627
Derivative financial instrument	-	165	-	165
2021				
Property, plant and equipment	-	-	494,834	494,834
Derivative financial instrument	-	646	-	646

Valuation techniques and inputs used

The derivative financial instruments fall within Level 2. The most significant inputs, such as interest rate movements and discount rates, into the valuation model of derivative financial instruments are observable.

Level 3 fair values were derived using comparable value of similar items of land and buildings and adjusted for differences in key attributes, such as property size and condition. Depreciated replacement cost approach was used for fixtures and fittings, motor vehicles, office equipment and substation infrastructure.

There were no transfers between different levels during the year.

4 Financial risk management (continued)

e) ***Fair value estimation***

Sensitivity

The inputs considered in the sensitivity analysis are the fluctuation of the inflation rate, the supply and demand and rental value per square meter of the land and buildings which can affect pricing and impact the value of land and buildings and equipment. The inputs considered for fixtures and fittings, motor vehicles and office equipment is the replacement cost. A strengthening and weakening of the rental values and the inflation rates has been considered in the analysis.

As at 31 December 2022, with all other variables held constant, a 10% (2021: 10%) decrease/increase in one of the inputs would have resulted in change in post-tax profit for the year and shareholders' equity as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Impact on profit and equity	51,034	49,487	47,463	49,483

f) ***Financial instruments by category***

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Financial assets at amortised cost				
Trade and other receivables (excluding prepayments and VAT receivable)	64,027	79,493	63,842	78,211
Cash and cash equivalents	83,384	92,660	83,260	92,619
Loans receivable from related parties	-	-	32,629	-
Financial assets at FVPL				
Derivative financial instruments	165	-	165	
	147,576	172,153	179,896	170,830
Financial liabilities at amortised cost				
Borrowings	11,325	19,025	11,325	19,025
Customer long term payables	16,337	19,495	16,337	19,495
Trade and other payables (excluding statutory and contract liabilities)	154,587	151,221	154,398	150,223
Financial liabilities at FVPL				
Derivative financial instruments	-	646	-	646
	182,249	190,387	182,060	189,389

5 Segment information

i) *Description of segments and principal activities*

The Group's CODMs, consisting of the Managing Director and the Chief Financial Officer, examine the Group's performance from a service perspective and have identified two reportable segments of its business as shown in the table below:

- ***Sale of electricity*** - this part of the business sells electric power to customers;
- ***Wheeling services*** - this part of the business charges for use of the Group's transmission lines by another entity in supplying power to the entity's retail and mining consumers.

The business activities are grouped in these segments based on the nature of their services.

5 Segment reporting (continued)

The CODMs, primarily uses a measure of gross profit, to assess the performance of the segments.
Interest income, finance costs and administrative expenses are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

There is no single customer of the Group making up 10% of revenue. Geographical segments are not disclosed as the cost to develop the same is excessive.

Group	Sale of electricity	Wheeling service	Total
2022	US$'000	US$'000	US$'000
Revenue	311,736	62,704	374,440
Cost of providing services	(226,062)	(12,007)	(238,069)
Gross profit	85,674	50,697	136,371
2021			
Revenue	282,012	60,677	342,689
Cost of providing services	(230,220)	(11,165)	(241,385)
Gross profit	51,792	49,512	101,304
Company			
2022			
Revenue	311,736	62,547	374,283
Cost of providing services	(226,062)	(10,177)	(236,239)
Gross profit	85,674	52,370	138,044
2021			
Revenue	282,012	60,508	342,520
Cost of providing services	(230,220)	(9,999)	(240,219)
Gross profit	51,792	50,509	102,301

Gross profit reconciles to operating profit before income tax as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Gross profit	136,371	101,304	138,044	102,301
Unallocated:				
Other (expenses)/income	(1,498)	16,730	(1,564)	16,474
Net impairment losses on financial assets	(24,097)	(12,624)	(24,097)	(12,594)
Administrative expenses	(41,928)	(35,623)	(43,007)	(36,077)
Share of loss from equity investment	(8)	-	(8)	-
Finance income	16,706	10,278	16,706	10,278
Finance costs	(9,725)	(9,480)	(9,725)	(9,477)
Profit before income tax	75,821	70,585	76,349	70,905

5 Segment reporting (continued)

ii) *Segment assets and liabilities*

The Group's assets and liabilities are not allocated to each segment as these are shared. The table below shows the operating assets and liabilities as at 31 December 2022:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Total assets	662,302	674,647	663,624	675,063
Total liabilities	330,750	346,245	330,308	345,424

6 Revenue from contracts with customers

The Group derives revenue from the transfer of services and goods over time and at a point in time as follows:

	Group		Company	
	2022	2021	2022	2021
Recognised over time:	US$'000	US$'000	US$'000	US$'000
Local electricity sales	213,870	196,397	213,870	196,397
Regional electricity sales	97,866	85,615	97,866	85,615
Wheeling services-retail consumers	26,247	18,075	26,247	18,075
Wheeling services-mining consumers	36,326	42,433	36,300	42,433
Recognised at point in time:				
Club revenue	131	169	-	-
	374,440	342,689	374,283	342,520

7 Other (expenses)/income

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Discharge of payable waived (Note 24)	4,522	4,244	4,522	4,244
Amortisation of deferred income (Note 27)	2,242	2,242	2,242	2,242
Sundry income	980	1,895	913	1,639
Loss on disposal of fixed assets	15		15	-
Foreign exchange (losses)/gains	(9,257)	8,349	(9,256)	8,349
	(1,498)	16,730	(1,564)	16,474

8 Breakdown of expenses by nature

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Cost of providing services:				
Power purchase costs	213,860	219,728	213,860	219,728
Depreciation on network assets	18,503	18,181	18,503	18,181
Power generation and related costs	3,876	2,310	3,876	2,310
Players' benefits and match day costs	1,830	1,166	-	-
	238,069	241,385	236,239	240,219
Administrative expenses:				
Employee benefits costs (Note 9)	22,931	19,059	22,423	18,496
Depreciation on other assets	5,321	4,987	5,282	4,987
Consultancy	1,056	2,941	1,056	2,941
Insurance costs	1,997	1,378	1,974	1,378
Stores and maintenance	3,073	1,908	3,071	1,908
Corporate social responsibility	404	329	2,273	1,346
Auditors' remuneration	218	136	200	136
Other miscellaneous expenses	6,928	4,885	6,728	4,885
	41,928	35,623	43,007	36,077
Total	279,997	277,008	279,246	276,296

9 Employee benefits expenses

Salaries and benefits	21,036	16,573	20,590	16,010
Retirement benefits:				
NAPSA contributions	654	466	592	466
Staff medical costs	568	618	568	618
Pension costs (Note 26 (i))	673	1,402	673	1,402
	22,931	19,059	22,423	18,496

10 Finance income and costs

Finance income:				
Interest income on overdue debtors	14,215	8,026	14,215	8,026
Interest income on bank deposits	1,680	1,378	1,680	1,378
Fair value gain on interest swap	811	874	811	874
	16,706	10,278	16,706	10,278
Finance costs:				
Interest expense-overdue bills	(6,219)	(5,265)	(6,219)	(5,265)
Interests expense-borrowings	(1,768)	(2,105)	(1,768)	(2,105)
Interest expense-customer payables	(1,364)	(1,947)	(1,364)	(1,947)
Other bank charges	(374)	(163)	(374)	(160)
	(9,725)	(9,480)	(9,725)	(9,477)
Net finance income	6,981	798	6,981	801

11 Income tax expense

This note provides an analysis of the Group's income tax expense and how the tax expense is affected by non-assessable and non-deductible items.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Current income tax charge	25,755	23,343	25,733	23,299
Deferred income tax (credit)/charge (Note 28)	(750)	2,381	(724)	2,381
Impact of change in tax rate (Note 28)	-	(9,224)	-	(9,224)
Under/(over) provision (Note 28)	-	3,200	-	3,200
	25,005	19,700	25,009	19,656

i) *Numerical reconciliation of income tax expense to prima facie tax payable*

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
Profit before income tax	75,821	70,585	76,349	70,905
Tax at 30% (2021: 35%)	22,746	24,705	22,905	24,817
Tax effects of:				
Expenses not deductible for tax purposes	2,259	1,395	2,104	1,239
Impact of change in tax rate (Note 28)	-	(9,224)	-	(9,224)
Income not subject to tax	-	(376)	-	(376)
Under provision of deferred tax (Note 28)	-	3,200	-	3,200
	25,005	19,700	25,009	19,656

ii) *Movement in current income tax on the statement of financial position:*

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	US$'000	US$'000	US$'000
At start of year	(387)	(6,424)	(573)	(6,566)
Current income tax charge	25,755	23,343	25,733	23,299
Payments during the year	(21,562)	(17,306)	(21,528)	(17,306)
At end of year	3,806	(387)	3,632	(573)

12 Property, plant and equipment

Group	Right of use assets	Buildings	Transmission & Distribution network (primary)	Equipment distribution network (secondary)	Fixtures & fittings	Motor vehicles	Capital work in progress	Total
As at 31 December 2020	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost or fair value	21,067	25,812	335,178	65,389	5,369	5,328	49,553	486,629
Accumulated depreciation	(53)	(214)	(3,822)	(1,168)	(339)	(423)	-	(6,019)
Net book value	21,014	25,598	331,356	64,221	5,030	4,905	49,553	501,677
Year ended 31 December 2021								
Opening net book value	21,014	25,598	331,356	64,221	5,030	4,905	49,553	501,677
Additions	2,762	-	-	-	-	-	13,598	16,360
Transfers from WIP	-	145	2,499	2,545	1,067	289	(6,545)	-
Depreciation charge	(604)	(1,745)	(11,904)	(6,277)	(1,949)	(687)	-	(23,166)
Net book value	23,172	23,998	321,951	60,489	4,148	4,507	56,606	494,871
As at 31 December 2021								
Cost or fair value	23,829	25,957	337,677	67,934	6,436	5,617	56,606	524,056
Accumulated depreciation	(657)	(1,959)	(15,726)	(7,445)	(2,288)	(1,110)	-	(29,185)
Net book value	23,172	23,998	321,951	60,489	4,148	4,507	56,606	494,871

Included in capital work in progress are the development costs incurred towards the early construction works of hydro and solar power stations.

12 Property, plant and equipment (continued)

Group	Right of use assets	Buildings	Transmission & Distribution network (primary)	Equipment distribution network (secondary)	Fixtures & fittings	Motor vehicles	Capital work in progress	Total
As at 31 December 2021	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost or fair value	23,829	25,957	337,677	67,934	6,436	5,617	56,606	524,056
Accumulated depreciation	(657)	(1,959)	(15,726)	(7,445)	(2,288)	(1,110)	-	(29,185)
Net book value	23,172	23,998	321,951	60,489	4,148	4,507	56,606	494,871
Year ended 31 December 2022								
Opening net book value	23,172	23,998	321,951	60,489	4,148	4,507	56,606	494,871
Additions	1,906	290	7,818	2,988	1,553	710	24,101	39,366
Depreciation charge	(907)	(1,530)	(12,123)	(6,401)	(2,224)	(707)	-	(23,892)
Net book value	24,171	22,758	317,646	57,076	3,477	4,510	80,707	510,345
As at 31 December 2022								
Cost or fair value	25,735	26,247	345,495	70,922	7,989	6,327	80,707	563,422
Accumulated depreciation	(1,564)	(3,489)	(27,849)	(13,846)	(4,512)	(1,817)	-	(53,077)
Net book value	24,171	22,758	317,646	57,076	3,477	4,510	80,707	510,345

Included in capital work in progress are the development costs incurred towards the early construction works of hydro and solar power stations.

The register showing the details of property as required by section 30 of the Companies Act is available during business hours at the registered office of the Group. All property, plant and equipment have been offered as security against borrowings up to the maximum of the carrying amount of the loans.

12 Property, plant and equipment (continued)

Company	Right of use assets	Buildings	Transmission & Distribution network (primary)	Equipment distribution network (secondary)	Fixtures & fittings	Motor vehicles	Capital work in progress	Total
As at 31 December 2020	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost or fair value	21,067	25,812	335,178	65,389	5,369	5,328	49,516	507,659
Accumulated depreciation	(53)	(214)	(3,822)	(1,168)	(339)	(423)	-	(6,019)
Net book value	21,014	25,598	331,356	64,221	5,030	4,905	49,516	501,640
Year ended 31 December 2021								
Opening net book value	21,014	25,598	331,356	64,221	5,030	4,905	49,516	501,640
Additions	2,762	-	-	-	-	-	13,598	16,360
Transfers from WIP	-	145	2,499	2,545	1,067	289	(6,545)	-
Depreciation charge	(604)	(1,745)	(11,904)	(6,277)	(1,949)	(687)	-	(23,166)
Net book value	23,172	23,998	321,951	60,489	4,148	4,507	56,569	494,834
As at 31 December 2021								
Cost or fair value	23,829	25,957	337,677	67,934	6,436	5,617	56,569	524,019
Accumulated depreciation	(657)	(1,959)	(15,726)	(7,445)	(2,288)	(1,110)	-	(29,185)
Net book value	23,172	23,998	321,951	60,489	4,148	4,507	56,569	494,834

Included in capital work in progress are the development costs incurred towards the early construction works of hydro and solar power stations.

12 Property, plant and equipment (continued)

Company	Right of use assets	Buildings	Transmission & Distribution network (primary)	Equipment distribution network (secondary)	Fixtures & fittings	Motor vehicles	Capital work in progress	Total
As at 31 December 2021	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost or fair value	23,829	25,957	337,677	67,934	6,436	5,617	56,569	524,019
Accumulated depreciation	(657)	(1,959)	(15,726)	(7,445)	(2,288)	(1,110)	-	(29,185)
Net book value	23,172	23,998	321,951	60,489	4,148	4,507	56,569	494,834
Year ended 31 December 2022								
Opening net book value	23,172	23,998	321,951	60,489	4,148	4,507	56,569	494,834
Additions to WIP							12,799	12,799
Transfers from WIP	1,906	290	7,566	2,988	1,526	660	(14,936)	0
Transfer to related party							(9,205)	(9,205)
Disposals		0	0	0	(3)	(22)		(25)
Depreciation charge	(907)	(1,436)	(12,101)	(6,401)	(2,224)	(707)	-	(23,776)
Net book value	24,171	22,852	317,416	57,076	3,447	4,438	45,227	474,627
As at 31 December 2022								
Cost or fair value	25,735	26,247	345,243	70,922	7,962	6,277	45,227	527,613
Accumulated depreciation	(1,564)	(3,395)	(27,827)	(13,846)	(4,515)	(1,839)	0	(52,986)
Net book value	24,171	22,852	317,416	57,076	3,447	4,438	45,227	474,627

Included in capital work in progress are the development costs incurred towards the early construction works of a power station at the Kabompo Hydro Power project site, which accounts for over 78% of the works in progress as at 31 December 2022.

The register showing the details of property as required by section 30 of the Companies Act is available during business hours at the registered office of the Group. All property, plant and equipment have been offered as security against borrowings up to the maximum of the carrying amount of the loans.

12 Property, plant and equipment (continued)

If property, plant and equipment were stated on the historical cost basis, the carrying amounts would be as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Cost	410,254	374,786	389,747	374,786
Accumulated depreciation	(95,301)	(73,359)	(94,846)	(73,359)
	294,901	301,427	294,901	301,427

a) Right of use assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets relating to prepaid land. In Zambia, land is held on lease from the Government of the Republic of Zambia for a period of 99 years. IFRS 16 requires that for any lease, a right-of-use asset and lease liability be recognised unless the Group deems the lease as short term lease or of low value.

Advance payments made in acquiring the land are added to right of use assets and amortised over the period of the lease on a straight-line basis and, therefore, there is no corresponding lease liability. The effect of discounting the ground rates is immaterial and these have been expensed to profit or loss as incurred. As at the end of the reporting period, and unchanged from prior year, the Group had insignificant leasing arrangements. Therefore, the Group has taken the exemption under the standard, and these have been expensed to profit or loss as incurred. Lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The movement in the right-of-use assets is a presented in the note property, plant and equipment.

b) Impairment of property, plant and equipment

Excess asset capacity is considered a common indicator of impairment in the Energy and Utilities industry.

Per accounting policy (l) under *customer long term payables*, the Group enters into CAs with its customers, which outline the target annual minimum power capacity usage for the constructed network assets once commissioned. The inability of a customer to achieve the capacity targets prescribed in the CA indicate that the constructed network assets may be operating below the level that makes them economically viable. An assessment is undertaken to determine whether network assets constructed under CAs are impaired on an annual basis.

Based on infrastructure being designed in a ring network, as well as shared infrastructure to operate the network, the CGU has been identified as the total asset base.

The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the financial budgets approved by the Board of Directors covering a five-year period. Within the five-year period, revenue growth rates are based on past experience and expected future developments in the Company's CGUs. The weighted average growth rates used are consistent with the forecasts included in industry reports. Cash flows beyond the five-year period were valued using the estimated terminal growth rates stated below.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	2022	2021
Budgeted margins (average)	36%	35%
Discount rate	12%	12%
Terminal growth rate	4%	3%

12 Property, plant and equipment (continued)

Management has determined the values assigned to each of the above key assumptions as follows:

- Budgeted margins: Based on past performance and management's expectations for the future;
- Discount rates: Reflect specific risks relating to the relevant segments and the countries in which they operate;
- Long term growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

The sensitivity of value in use to changes in the weighted principal assumptions is:

	Impact on head room	
	2022	**2021**
Change in assumption	**$'000**	**$'000**
Budgeted margins (-5%)	(91,632)	(90,847)
Discount rates (+2%)	(8,595)	(7,763)
Long term growth rate (-3%)	(144,423)	(102,857)

The recoverable amount of the CGU calculated based on value in use exceeded the carrying value of property, plant and equipment by US$211.0 million (2021: US$208.0 million).

13 Intangible assets - Player registration rights

	Total
As at 31 December 2020	**US$'000**
Cost	141
Accumulated amortisation	(72)
	69
Year ended 31 December 2021	
Opening net book amount	69
Additions	63
Disposals - Cost	(61)
Disposals - Accumulated amortisation	49
Amortisation charge	(51)
Closing net book amount	69
As at 31 December 2021	
Cost	144
Accumulated amortisation	(75)
	69
Year ended 31 December 2022	
Opening net book amount	69
Additions	115
Disposals - Cost	(12)
Disposals - Accumulated amortisation	11
Amortisation charge	(76)
Closing net book amount	107
As at 31 December 2022	
Cost	183
Accumulated amortisation	(76)
	107

14 Interests in other entities

a. *Subsidiaries*

The Group's investments in subsidiaries at 31 December are set out below:

	2022	2021
	US$'000	US$'000
Investment in subsidiaries	2,004	1,672
Additions	3,000	13
	5,004	1,659

The following shows the breakdown of the Group's investments in subsidiaries at 31 December:

Name of subsidiary	2022	2021
	US$'000	US$'000
CEC Renewables Limited	3,000	-
CEC-Kabompo Hydro Power Limited	-	-
Power Dynamos Sports Limited	2	2
CEC DRC Sarl	2,002	1,657
	5,004	1,659

Unless otherwise stated, the entities have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	Place of incorporation	Ownership interest		Principal activities
		2022	2021	
CEC Renewables Limited	Zambia	100%	100%	Electric power generation, transmission and distribution
CEC-Kabompo Hydro Power Limited	Zambia	100%	100%	
Power Dynamos Sports Limited	Zambia	100%	100%	
CEC DRC Sarl	DRC	100%	100%	

b. *Associates*

The following shows the breakdown of the Group's investments in associates at 31 December:

Name of associate	2022	2021
	US$'000	US$'000
CEC-InnoVent Garneton South Solar	257	186
InnoVent-CEC Garneton North Solar	276	179
	533	365

The entities have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also the entity's principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of associate	Place of incorporation	Ownership interest	
		2022	2021
CEC-InnoVent Garneton South Solar	Zambia	49%	49%
InnoVent-CEC Garneton North Solar	Zambia	49%	49%

14 Interests in other entities (continued)

b) *Associates (continued)*

i) *Summarised financial information for the associates*

The information disclosed below reflects the amounts presented in the annual financial statements of the relevant associates and not the Group's share of those amounts.

	CEC-InnoVent South		InnoVent-CEC North	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Statement of profit or loss:				
Revenue	-	-	-	-
Loss for the year	(8)	(6)	(8)	(6)
Other comprehensive income	-	-	-	-
Total comprehensive income	(8)	(6)	(8)	(6)
Statement of financial position:				
Non-current assets	172	205	190	199
Current assets	99	100	99	100
Total assets	271	305	289	299
Capital and reserves	265	299	283	293
Non-current liabilities				
Current liabilities	6	6	6	6
Total equity and liabilities	271	305	289	299

ii) *Reconciliation of carrying amounts:*

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
At start of year	365	365	365	365
Additions	176	-	176	-
Share of loss for the year*	(8)	-	(8)	-
Share of other comprehensive income	-	-	-	-
At end of year	533	365	533	365

*Share of loss for the year is calculated as below:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Loss for the year:				
CEC-InnoVent South	(8)	-	(8)	-
InnoVent-CEC North	(8)	-	(8)	-
	(16)		(16)	-
Share of loss at 49%	(8)		(8)	

The Group had no commitments and contingent liabilities in respect of associates (2021: Nil).

15 Inventories

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Fuel	798	879	797	879
Spares and consumables	1,873	1,957	1,774	1,957
Replica jerseys and other sports apparel	99	50	-	-
	2,670	2,836	2,571	2,836
Inventories recognised as an expense	2,929	1,600	2,929	1,600

16 Trade and other receivables

Trade receivables	245,267	227,699	245,237	227,669
Less: impairment allowance (Note 4(b))	(187,047)	(162,950)	(187,017)	(162,920)
	58,220	64,749	58,220	64,749
Prepayments and deposits	1,016	772	993	772
VAT receivable	35	3,194	-	3,194
Other receivables	5,827	14,744	5,622	13,462
	65,098	83,459	64,835	82,177

Due to the short term nature of current receivables, their carrying amounts are considered to be the same as their fair value.

17 Cash and cash equivalents

Cash at bank and in hand	83,384	92,660	83,260	92,619

i) *Classifications as cash equivalents*

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. As at the end of the reporting period, the Group had no term deposits (2021: Nil).

ii) *Restricted cash*

The cash and cash equivalents disclosed above include security deposits of US$4.0 million (2021: US$10.0 million) from customers on trade receivables. The Company recognizes a corresponding liability in other payables While there are contractual restrictions on the balances, these restrictions do not change the nature of the deposits, with the result that the entity can access those amounts on demand.

18 Share capital and share premium

	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares				
Authorised	20,000,000	20,000,000	7,000,000	7,000,000
Issued and fully paid	1,625,000	1,625,000	2,849	2,849
Share premium	60,078	60,078	60,078	60,078

The authorised share capital of the Group remained unchanged at 20 million ordinary shares at a par value of K0.01 each. The issued and fully paid-up share capital remained at 1,625 million ordinary shares at a par value of K0.01 each. The value of shares was converted to US Dollars at a historical rate of K7.02.

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Group in proportion to the number of and amounts paid on the shares held.

The share premium relates to the excess amounts paid by the shareholders on the issue of share capital net of pre-incorporation costs.

19 Dividends per share

On 24 August 2022, the Directors of the Group approved the payment of an interim dividend of US Cents 3.0999 per ordinary share, which translates to 49.95 Ngwee (ZMW0.4995) per share, using the Bank of Zambia mid-rate applicable on the date of declaration. The dividend was paid to the shareholders registered in the share register of the Group at the close of business on Friday, 28 October 2022. The total dividend declared amounted to US$50.4 million and payment was effected on Monday, 31 October 2022 (2021: US$41.9 million inclusive of the WHT of US$4.5 million from prior year).

20 Earnings per share

	Group		Company	
	2022	2021	2022	2021
	US$	US$	US$	US$
Basic and diluted earnings per share	0.031	0.031	0.032	0.032

i) *Reconciliations of earnings used in calculating earnings per share*

Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share is as follows:

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Profit attributable to equity holders	50,816	50,885	51,340	51,249

ii) *Weighted average number of shares used as the denominator*

	2022 shares	2021 shares
Ordinary shares used in calculating basic and diluted EPS	1,625,001	1,625,001

21 Foreign currency translation reserve

This represents accumulated foreign exchange differences arising from the translation of Power Dynamos Sports Limited, a subsidiary, whose functional currency is different from the parent company.

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
At start of year	13	-	-	-
Translation differences	(3)	13	-	-
At end of year	10	13	-	-

22 Revaluation reserve

Items of property, plant and equipment are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. The fair value of property, plant and equipment was revalued on 31 December 2020 by Sherwood Greene, an external independent valuer. The reserves are non-distributable to the shareholders and are recognised net of deferred income tax.

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
At start of year	152,408	147,407	152,408	147,407
Transfer of excess depreciation	(9,054)	(9,054)	(9,054)	(9,054)
Deferred income tax (Note 28)	2,716	14,055	2,716	14,055
At end of year	146,070	152,408	146,070	152,408

23 Borrowings

Non-current portion	3,625	11,325	3,625	11,325
Current portion	7,700	7,700	7,700	7,700
	11,325	19,025	11,325	19,025

Refer to Note 31(b) for details on the movement in borrowings on the statement of financial position.

The Group has a syndicated facility from DFIs, led by Standard Bank.The DFI tranche comprises Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), Deutsche Investitions-Und Entwicklungsgesellschaft Mbh (DEG) and Société De Promotion Et De Participation Pour La Coopération (Proparco), and bears interest of 3 months LIBOR, plus a margin of 6.5%. During the year, the effective interest was 9.29% (2021: 8.51%). The loan matures in March 2026. The syndicated facility is secured on a fixed and floating charge over the Group's items of property, plant and equipment.

23 Borrowings (continued)

i) Compliance with loan covenants

Under the terms of the borrowing facilities, the Company is required to comply with the following financial covenants:

	Target	2022	2021
Senior interest cover ratio: (EBITDA/Interest)	>4.5	52.94	44.61
Current ratio: (Current assets/Current liabilities)	>1.05	1.07	1.09
Minimum tangible net worth: (Total equity in $'000)	>160,000	333,316	329,639
Solvency ratio: Equity/Total assets	>30%	50%	49%
Security cover ratio: Total assets/Senior debt	>2.11	58.60	35.48
Senior debt service cover: (Senior debt/EBITDA)	<2.50	0.12	0.20
Debt service cover ratio: (cash flow/Senior debt service)	>1.4	4.03	5.49

The Company complied with the financial covenants of its borrowing facilities throughout the reporting period.

ii) Fair value

Management has determined that the fair values are not materially different from their carrying amounts as interest payable on those borrowings is close to current market rates.

24 Customer long term payables

	2022	2021
	US$'000	US$'000
Non-current portion	12,851	16,337
Current portion	3,486	3,158
	16,337	19,495

This section sets out an analysis of the movements in customer payables for each of the periods presented.

	KCM	MCM	NFCA	Total
	US$'000	US$'000	US$'000	US$'000
Year ended 31 December 2021				
At start of year	16,600	2,235	2,957	21,792
Discharge of payable waived	(3,061)	(761)	(422)	(4,244)
Interest charge	1,132	198	617	1,947
At end of year	14,671	1,672	3,152	19,495
Year ended 31 December 2022				
At start of year	14,671	1,672	3,152	19,495
Discharge of payable waived	(3,061)	(761)	(700)	(4,522)
Interest charge	1,000	122	242	1,364
At end of year	12,610	1,033	2,694	16,337

24 Customer long-term payables (continued)

KCM

The long term payable relates to the outright acquisition of transmission and substation infrastructure from KCM which supports the Konkola Deep Mining Project. The Group acquired the assets based on deferred contingent consideration as payment to the customer is conditional on meeting the pre-agreed contractual minimum demand load (capacity). The long term payable matures in 2031 and is unsecured.

During the year, the pre-agreed contractual minimum demand load (capacity) was not achieved by KCM. Accordingly, a payable to KCM for the year of US$3.0 million (2021: US$3.0 million) was waived and recognised in profit or loss per the terms of the Connection Agreement.

MCM

The long term payable relates to the outright acquisition of the network assets from MCM, which support the Mopani Synclinorium and Mindola Expansion Projects. The Group acquired the assets based on deferred contingent consideration as payment to the customer is conditional on meeting the contractual pre-agreed minimum demand load (capacity). The long term payable matures in 2024 and is unsecured.

During the year, the pre-agreed contractual minimum demand load (capacity) was not achieved by MCM. Accordingly, a payable to MCM for the year of US$0.8 million (2021: US$0.8 million) was waived and recognised in profit or loss per the terms of the Connection Agreement.

NFCA

The long term payable relates to the outright acquisition of the network assets, primarily the transmission line and auxiliary assets which support the expansion projects of the South-East Orebody site for NFCA. The Group acquired the assets based on deferred contingent consideration as payment to the customer is conditional on meeting the contractual pre-agreed minimum demand load (capacity).

The long term payable matures in 2026 and is unsecured.

During the year, the pre-agreed contractual minimum demand load (capacity) was not achieved by NFCA. Accordingly, a payable to NFCA for the year of US$0.7 million (2021: US$0.4 million) was waived and recognised in profit or loss per the terms of the Connection Agreement.

25 Customer security deposits

For some trade receivables, in particular, those arising on customers from the DRC market, the Group obtains security in the form of cash advance payments which can be called upon if the counterparty is in default under the terms of the contract. The amounts are refundable to customers at the date of expiry of the contracts. As the contracts span over two years, the liabilities are recognised as non-current liabilities.

The movement in customer security deposits on the statement of financial position was as below:

	2022	**2021**
	US$'000	**US$'000**
At start of year	9,994	13,452
Offset against trade receivables	(6,018)	(3,458)
At end of year	3,976	9,994

26 Defined benefit obligation

	2022	2021
	US$'000	US$'000
Present value of unfunded obligation	2,749	2,774

The Group awards terminal benefits to its employees upon retirement in addition to the retirement benefit received from the CEC Pension Trust Scheme. The benefits are payable depending on date of joining the Group as well as seniority.

This scheme is unfunded, and the employer only pays a benefit upon retirement of an individual qualifying for the benefit. The regulator, Pensions and Insurance Authority, does not regulate gratuity schemes such as this one. However, companies that provide an additional and separate unfunded gratuity in their annual financial statements should operate within the governing covenants and agreements with employee representative bodies. Taxation of this scheme falls under the framework and administration of this arrangement, including decisions as to whether to prefund the benefit costs, or amend the arrangement design.

The Group's accrued liability in respect of each employee is the present value of the benefits in respect of service completed to the valuation date but based on projected earnings to retirement or date of payment. The total accrued liability (or the required provision) at the valuation date is a summation of the accrued liability in respect of each employee.

i) Amounts recognised in statement of financial position

The amounts recognised in the statement of financial position and the movements in the net defined benefit obligation over the year are as follows:

	2022	2021
	US$'000	US$'000
At start of year	2,774	1,385
Current service cost	182	157
Interest cost	712	547
Foreign exchange losses/(gains)	(221)	698
Amount recognised in profit or loss	673	1,402
Actuarial remeasurements		
Change in financial assumptions	655	491
Experience adjustment	(646)	600
Amount recognised in equity	9	1,091
Benefit payments	(707)	(1,104)
At end of year	2,749	2,774
Present value of unfunded obligation	2,749	2,774

ii) Actuarial assumptions

The significant actuarial assumptions in the determination of the defined benefit obligation are the discount rate and the salary growth rate. The assumptions used for the valuation of the defined benefit obligation are as follows:

	2022	2021
Discount rate	26.0%	26.0%
Salary growth rate	12.0%	10.0%

26 Defined benefit obligation (continued)

iii) ***Risk exposure***

The Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

The plan liabilities are calculated using a discount rate set with reference to Zambian government bond yields. A decrease in government bond yields will increase the plan liabilities. Moreover, there are no plan assets invested in government bonds, hence, a change in government bond yield rates may have more impact on the plan if it differs from the employer's opportunity cost of benefit provision.

Changes in salaries

The plan benefits are calculated with reference to employees' salaries. An increase in salaries will increase the plan liabilities. This risk becomes higher as the expectations of short term inflation rise increase, due to the weakened strength of the Kwacha against other currencies.

Liquidity

The plan is unfunded and, therefore, there is a risk that resources are not available when needed to pay the benefits that have become due.

iv) ***Sensitivity analysis***

The sensitivity analysis is based on changes in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised at the end of the reporting period.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation	
	2022	**2021**
Change in assumption	**US$'000**	**US$'000**
Discount rate (-1%)	139	127
Salary growth rate (+1%)	165	146

The scheme does not have any assets and, therefore, benefits are met as they become due.

26 Defined benefit obligation (continued)

v) Maturity analysis

The weighted average duration of the defined benefit obligation is 15 years (2021: 16.05 years).
The expected maturity analysis of undiscounted pension benefits is as follows:

	2022	2021
	US$'000	US$'000
Within 1 year	672	691
Between 1 - 2 years	370	362
Between 2 - 5 years	755	741
Over 5 years	8,045	8,157
	9,842	9,951

27 Deferred income

Deferred income comprises advance payments on the Indefeasible Right of Use (IRU) agreements, capital grants and capital contributions from customers for the construction of network assets such as transmission lines and substation infrastructure.

	2022	2021
	US$'000	US$'000
Deferred income	18,411	20,653

27 Deferred income (continued)

The section below sets out an analysis of the movements in deferred income for each of the periods presented.

	Indefeasible Right of Use	Capital grant	Customer contributions	Total
Year ended 31 December 2021	US$'000	US$'000	US$'000	US$'000
At start of year	5,308	5,835	11,752	22,895
Amortisation charge	(884)	(233)	(1,125)	(2,242)
At end of year	4,424	5,602	10,627	20,653
Year ended 31 December 2022				
At start of year	4,424	5,602	10,627	20,653
Amortisation charge	(884)	(233)	(1,125)	(2,242)
At end of year	3,540	5,369	9,502	18,411

IRU

In 2012, the Group entered into an IRU agreement for the excess capacity on its Telecoms Assets with its customer, CEC Liquid Telecom for a period of 15 years for a consideration of US$9.79 million. The consideration was paid in advance by the customer and is being amortised over 15 years. In April 2018, a new IRU was entered into for additional assets worth US$2.0 million with a tenor ending aligned to the first IRU.

Capital grants

In 2012, the Group received a capital grant of US$7 million from the Development Bank of Southern Africa (DBSA) for the construction of a 220kV double circuit transmission line between Zambia and the DRC. DBSA was acting as an agent of the Common Market for East and Southern Africa, the Eastern African Community and the Southern African Development Community under the Tripartite Trust Fund. The grant is being amortised over 30 years.

Customer contributions

Where a customer is not close to an existing network or the network is fully utilised and new capacity is required, the cost of extending the network may be high and would be an uneconomical investment on the part of the Group. Further, the cost of maintaining the new substation infrastructure may render the regulated tariffs as not cost reflective.

Therefore, the Group requires customers who require additional capacity to make customer contributions, which come in form of cash or property, plant and equipment. The customer contributions are accounted for as non-cash consideration and are amortised over the service period per the terms of PSA with the customer.

28 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2021: 30%). The movement on the deferred income tax account is as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	US$'000	US$'000	US$'000	US$'000
At start of year	120,665	138,690	120,665	138,690
Charge/(credit) in profit or loss	(750)	2,381	(724)	2,381
Under/(over) provision	-	3,200	-	3,200
(Credit)/charge in equity	(2,719)	(14,382)	(2,719)	(14,382)
Impact of change in tax rate	-	(9,224)	-	(9,224)
At end of year	117,196	120,665	117,222	120,665

Deferred income tax assets and liabilities and deferred income tax charge/(credit) in profit or loss and equity are attributable to the following items:

Group	At start of year	Impact of change in tax rate in profit or loss	Under/ (over)	Profit or loss	Equity	At end of year
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Year ended 31 December 2022						
Deferred income tax liabilities						
Property, plant and equipment	56,028	-	-	828	-	56,856
Revaluation surplus	65,318	-	-	-	(2,716)	62,602
Other temporary differences	150	-	-	(125)	-	25
Deferred income tax assets						
Tax losses carried losses						
Loss allowance	-	-	-	(999)	-	(999)
Unrealised exchange losses	-	-	-	(170)	-	(170)
Employee benefits	(831)	-	-	(233)	(3)	(1,067)
Other temporary differences	-	-	-	(51)	-	(51)
Net deferred income tax liability	120,665	-	-	(750)	(2,719)	117,196
Year ended 31 December 2021						
Deferred income tax liabilities						
Property, plant and equipment	64,265	(9,338)	3,200	(2,099)	-	56,028
Revaluation surplus	79,373	-	-	-	(14,055)	65,318
Other temporary differences	-	(25)	-	175	-	150
Deferred income tax assets						
Loss allowance	(855)	-	-	855	-	-
Unrealised exchange losses	(3,609)	-	-	3,609	-	-
Employee benefits	(484)	139	-	(159)	(327)	(831)
Net deferred income tax liability	138,690	(9,224)	3,200	2,381	(14,382)	120,665

28 Deferred income tax (continued)

Company	At start of year	Impact of change in tax rate in profit or loss	Under/ (over)	Profit or Loss	Equity	At end of year
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Year ended 31 December 2022						
Deferred income tax liabilities						
Property, plant and equipment	56,028			828		56,856
Revaluation surplus	65,318			-	(2,716)	62,602
Unrealised exchange gains	150			(150)		-
Deferred income tax assets						
Loss allowance	-		-	(999)		(999)
Employee benefits	(831)	-	-	(233)	(3)	(1,067)
Unrealised exchange losses	-	-	-	(170)	-	(170)
Net deferred income tax liability	120,665	-	-	(724)	(2,719)	117,222
Year ended 31 December 2021						
Deferred income tax liabilities						
Property, plant and equipment	64,265	(9,338)	3,200	(2,099)	-	56,028
Revaluation surplus	79,373		-	-	(14,055)	65,318
Unrealised exchange gains	-	(25)	-	175	-	150
Deferred income tax assets						
Loss allowance	(855)		-	855	-	-
Unrealised exchange losses	(3,609)		-	3,609	-	-
Employee benefits	(484)	139	-	(159)	(327)	(831)
Net deferred income tax liability	138,690	(9,224)	3,200	2,381	(14,382)	120,665

Deferred tax assets and liabilities are offset as there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax balances relate to the same taxation authority.

29 Derivative financial instrument

The Group has interest swap agreements with Citibank and Standard Chartered Bank to hedge against the floating portion of the interest charged on the loans obtained from commercial lenders and the DFIs. The 3-month LIBOR rates were fixed at 3.242% and 3.2% on Citibank and Standard Chartered Bank respectively. The principal and interest repayments are due quarterly. Where the actual LIBOR rate is below the agreed fixed rate, the Group pays the counterparties and in contrast, the counterparties pay the Group.

	2022	2021
Current portion:	US$'000	US$'000
Citibank	(123)	486
Standard Chartered Bank	(42)	160
	(165)	646

29 Derivative financial instrument (continued)

Movement in the fair value gains on the interest swap rate derivative on the statement of financial position:

	2022 US$'000	2021 US$'000
At start of year	646	1,520
Gains on interest swap rate derivative in profit or loss	(811)	(874)
At year end	(165)	646

30 Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Trade payables	149,583	140,054	149,583	140,054
Statutory liabilities	2,258	1,949	2,258	1,949
Amounts due from related parties (Note 32)	-	200	-	200
Other payables	5,004	10,780	4,815	9,969
Contract liabilities*	105	10	-	-
	156,950	152,993	156,656	152,172

*The contract liabilities relate to broadcasting advance payments received from the Football Association of Zambia. The Group's subsidiary, Power Dynamos Sports Limited (the "Club") recognises revenue on a linear basis over the duration of the league as matches are played and broadcast live. Due to the short term nature of current payables, their carrying amounts are considered to be same as their fair value.

31 Cash flow information

a) Cash flows from operating activities

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Profit before income tax	75,821	70,585	76,349	70,905
Adjustments for:				
Interest income on overdue debtors (Note 10)	(14,215)	(8,026)	(14,215)	(8,026)
Interest income on bank deposits (Note 10)	(1,680)	(1,378)	(1,680)	(1,378)
Fair value gain on interest swap (Note 10)	(811)	(874)	(811)	(874)
Interest expense on borrowings (Notes 10)	1,768	2,105	1,768	2,105
Interest expense on customer payables (Note 10)	1,364	1,947	1,364	1,947
Amortisation of deferred income (Note 27)	(2,242)	(2,242)	(2,242)	(2,242)
Depreciation on fixed assets (Note 12)	23,892	23,166	23,776	23,166
Loss on disposal of fixed assets (Note 12)	16	-	15	-
Amortisation of intangible assets (Note 13)	76	51	-	-
Discharge of payable waived (Note 24)	(4,522)	(4,244)	(4,522)	(4,244)
Changes in employee benefits (Note 26(i))	673	1,402	673	1,402
Changes in working capital:				
Inventories	166	(1,011)	265	(966)
Trade and other receivables	12,343	(4,685)	11,324	(5,468)
Trade and other payables	3,957	10,164	4,484	10,657
	96,606	86,960	96,548	86,984

31 Cash flow information (continued)

b) Net debt reconciliation

This section sets out an analysis of net debt for each of the periods presented. Net debt is calculated as total borrowings less cash and cash equivalents.

	Group		Company	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
Cash and cash equivalents (Note 17)	83,384	92,660	83,260	92,619
Bank loans (Note 23)	(11,325)	(19,025)	(11,325)	(19,025)
Cash surplus	72,059	73,635	71,935	73,594

Group	Liabilities from financing activities (Bank loans)	Net Cash position	Total
2021	US$'000	US$'000	US$'000
At start of year	(26,725)	83,055	56,330
Additions	-	9,844	9,844
Interest charged	(2,105)	-	(2,105)
Principal repayments	7,700	-	7,700
Interest paid	2,105	-	2,105
Foreign exchange gains	-	(239)	(239)
At end of year	(19,025)	92,660	73,635
2022			
At start of year	(19,025)	92,660	73,635
Utilised	-	(9,258)	(9,258)
Interest charged	(1,768)	-	(1,768)
Principal repayments	7,700	-	7,700
Interest paid	1,768		1,768
Foreign exchange gains	-	(18)	(18)
At end of year	(11,325)	83,384	72,059

Company			
2021			
At start of year	(26,725)	83,039	56,314
Additions	-	9,918	9,918
Interest charged	(2,105)	-	(2,105)
Principal repayments	7,700	-	7,700
Interest paid	2,105	-	2,105
Foreign exchange gains	-	(338)	(338)
At end of year	(19,025)	92,619	73,594
2022			
At start of year	(19,025)	92,619	73,594
Utilised	-	(8,999)	(8,999)
Interest charged	(1,768)	-	(1,768)
Principal repayments	7,700	-	7,700
Interest paid	1,768		1,768
Foreign exchange gains	-	(360)	(360)
At end of year	(11,325)	83,260	71,935

32 Related party transactions

The Group is listed on the LuSE and has various shareholders. There is no ultimate controlling parent entity. There are other companies that are related to the Group through common shareholdings and common Directorships. The major shareholders with over 20% ownership interest are as below:

Name	Type	Place of incorporation	Ownership interest	
			2022	**2021**
Marina IV/Marina V (Singapore) Pte Ltd/SCPE	Major shareholder	Singapore	34.64%	34.64%
ZCCM-IH PLC	Major shareholder	Zambia	24.11%	24.11%

i) ***Subsidiaries***

Interests in subsidiaries are set out in Note 14 (a).

ii) ***Directors with ownership interest in the Group***

This section shows the Directors who held shares in the Group as at the end of the reporting period.

	Number of shares held	
Direct shareholding	**2022**	**2021**
Owen Silavwe – Managing Director	3,371,856	5,128,980
Munankupya Hantuba – Non-Executive Director	343,615	343,615
*Siyanga Malumo – Non-Executive Director	113,137	113,137
* Joint share ownership		
Indirect shareholding		
Siyanga Malumo – Non-Executive Director	81,437,063	81,437,063

iii) ***Transactions were carried out with related parties:***

- *Football sponsorships*

  The Group provides annual cash sponsorships to its wholly owned subsidiary, Power Dynamos Sports Limited. During the year, the Group incurred US$1.9 million (2021: US$1.3 million) in cash sponsorships.

- *Dividend payments to shareholders of the Group*

  Refer to Note 19 for details.

- *Capital contributions in subsidiaries*

  The Group incurs expenditure that is directly attributable to the cost of assets and services provided to the subsidiaries. The costs are recognised in investments in subsidiaries as the subsidiaries have no contractual obligation to pay back the balance to the Group. During the year, the Group invested US$3.0 million (2021: US$0.013 million) in capital contributions.

- *Right to use tangible assets on a non-reciprocal basis*

  The subsidiary, Power Dynamos Sports Limited, has the right to use the stadium, bus and other assets legally owned by the Group for no consideration. The subsidiary does not perform any services or provide any goods in return for this right. Therefore, the transaction is non-reciprocal in nature. The subsidiary measures all capital contributions from the shareholder at cost. Accordingly, the right to use assets is measured at the amount of consideration paid to the Group. On this basis, the right to use the assets is recognised at nil value in the subsidiary.

32 Related party transactions (continued)

iii) ***Transactions were carried out with related parties (continued)***

- *Shareholder loans*

Refer to Note (iv) below for details

- *Transfer of property, plant and equipment to subsidiary*

During the year, the Group transferred property amounting to US$9.2 million to its subsidiary, CEC Renewables Limited (2021: Nil).

iv) ***Outstanding balances arising from transactions with related parties***

	Group		Company	
	2022	2021	2022	2021
Payables to:	US$'000	US$'000	US$'000	US$'000
CEC-InnoVent Garneton South Solar Ltd	-	100	-	100
InnoVent-CEC Garneton North Solar Ltd	-	100	-	100
	-	200	-	200

In prior year, payables to related parties represented amounts received from Citibank by the Company on behalf of its subsidiaries upon expiration of the performance bond on 31 May 2021, which was surety to guarantee satisfactory completion of the 20MW solar photovoltaic power project under the GRZ GET FiT Zambia Solar Program.

	Group		Company	
	2022	2021	2022	2021
Loan receivable	US$'000	US$'000	US$'000	US$'000
CEC Renewables Limited	-	-	32,464	-
CEC DRC Sarl	-	-	165	-
	-	-	32,629	-
Movements in shareholder loan:				
At start year	-	-	-	-
Loan advanced	-		32,629	-
Interest receivable	-	-	-	-
	-	-	32,629	-

The Group issued shareholder loans to its subsidiaries, CEC Renewables Limited and CEC DRC Sarl of US$32.5 million and US$0.2 million respectively (2021: Nil). The loan to CEC Renewables Limited carries interest of 5%, is unsecured and repayable on 31 December 2023. The loan to CEC DRC Sarl carries interest of 5%, is unsecured and repayable on demand.

32 Related party transactions (continued)

v) ***Key management compensation***

Key management includes Directors (Executive) and members of senior management personnel. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Short term employee benefits	4,933	3,770	4,933	3,770
Post-employment benefits	554	753	554	753
	5,487	4,523	5,487	4,523

vi) ***Directors' remuneration***

Director remuneration which comprises Director fees for services rendered to the Group amounted to US$0.6 million (2021: US$0.6 million).

33 Commitments

i) *Capital commitments*

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities was US$3.6 million (2021: US$3.4 million).

ii) *Operating commitments*

Contractual obligation for future repairs and maintenance not recognised as a liability was nil (2021: Nil).

34 Contingencies

The Group is party to various legal cases whose outcome is dependent on the conclusion of the Zambian judicial process. Management makes estimates for the outcomes of these cases based on professional advice. There are some cases where, based on professional advice received, the Directors have not made any provision.

During the year, the value of potential claims against the Group that would likely result in an unfavourable outcome as at 31 December 2022 was nil (2021: US$227.0 million) as the contingent liability arising from the ERB tariff of 2014 was resolved by the courts.

35 Events occurring after the reporting period

As at the end of the financial period and date of this report, the Director are not aware of any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group, the results of its operations or financial position of the Group in subsequent financial years.


PARTNER IN ENERGY
3
1
VISITORS
4 9

8. SHAREHOLDER INFORMATION

SHARE TRADING STATISTICS

1.87
SHARES TRADED AS A % OF TOTAL SHARES IN ISSUE
2021 - 2.27
2020 - 4.09

121,675
AVERAGE DAILY VOLUME OF SHARES TRADED*
2021 - 148,947
2020 - 267,967

3.47
AVERAGE TRADING PRICE (ZMW)
2021 - 1.61
2020 - 0.96

2.65
OPENING PRICE (ZMW)
2021 - 1.10
2020 - 1.25

3.78
CLOSING PRICE (ZMW)
2021 - 2.65
2020 - 1.10

4.20
HIGHEST PRICE TRADED DURING THE YEAR (ZMW)
2021 - 2.70
2020 - 1.25

2.65
LOWEST PRICE TRADED DURING THE YEAR (ZMW)
2021 - 1.00
2020 - 0.70

6,142,502,256
MARKET CAPITALISATION (ZMW)
2021 - 2.27
2020 - 4.09

339,928,182
MARKET CAPITALISATION (USD)
2021 - 258,168,560.07
2020 - 84,355,859

1,625,000,597
SHARES IN ISSUE
2021 - 1,625,000,597
2020 - 1,625,000,597

30,175,478
NUMBER OF SHARES TRADED DURING THE YEAR
2021 - 36,938,725
2020 - 66,456,013

98,988,172
VALUE OF SHARES TRADED DURING THE YEAR (ZMW)
2021 - 55,567,279.94
2020 - 56,671,558.74

1.61
TURNOVER TO MARKET CAPITALISATION RATIO (%)
2021 - 1.29
2020 - 3.20

6,790
NUMBER OF TRADES
2021 - 3,395
2020 - 1,010

VALUATION INDICATORS

339,928
MARKET CAPITALISATION (USD'000)
2021 - 258,169
2020 - 84,356

3.78
SHARE PRICE (ZMW)
2021 - 2.65
2020 - 1.10

0.0316
EARNINGS PER SHARE (USD)
2021 - 0.0315
2020 - 0.0035

6.23
PE RATIO
2021 - 4.97
2020 - 14.83

0.031
DIVIDEND PER SHARE (USD)
2021 - 0.023
2020 - 0.021

15
DIVIDEND YIELD (%)
2021 - 14
2020 - 40

1.084
DIVIDEND COVER (TIMES)
2021 - 1.371
2020 - 0.167

0.21
NET ASSET VALUE PER SHARE (USD)
2021 - 0.20
2020 - 0.19

1,625,000,597
NUMBER OF SHARES
2021 - 1,625,000,597
2020 - 1,625,000,597

18.07
CLOSING EXCHANGE RATE
2021 - 16.68
2020 - 21.19

16.93
AVERAGE EXCHANGE RATE
2021 - 19.71
2020 - 18.33

334,773
NET ASSET VALUE (USD'000)
2021 -329,969
2020 - 302,517

SHAREHOLDERS' DIARY

Financial year-end	**31 December**
Annual financial results	**March**
Annual report distribution	**March**
Annual general meeting	**27 April**
Interim financial results	**By 30 September**

ANALYSIS OF SHAREHOLDERS AS AT 31ST DECEMBER 2022

Size of holding	Number of Shareholders	Number of Shares	% of issued shares
1 - 1000	2,359	866,892	0.05
1001 - 5,000	2,146	5,826,714	0.36
5,001 - 10,000	578	4,424,731	0.27
10,001 - 100,000	867	25,921,011	1.60
100,001 - 1,000,000	170	45,659,487	2.81
1,000,001 - 100,000,000	55	577,121,196	35.52
>100,000,001	3	965,180,566	59.40
TOTALS	**6,178**	**1,625,000,597**	**100.00**

Classification			
Local Individuals	5,880	112,337,137	6.91
Foreign Individuals	135	11,974,658	0.74
Local Companies	72	4,105,267	0.25
Foreign Companies	4	13,940,189	0.86
Significant Shareholders	5	1,275,667,525	78.50
Pension Funds	74	206,975,821	12.74
TOTALS	**6,170**	**1,625,000,597**	**100.00**

Top 5 Shareholders

Rank	Shareholder Name	Holding	%
1	Marina IV/Marina V (Singapore) Pte Ltd	466,558,433	28.71
2	ZCCM-IH	391,795,562	24.11
3	Zambian Energy Corporation (Ireland) Limited	215,315,790	13.25
4	Standard Chartered Zambia Securities Services-Nominees	105,667,525	6.50
5	Standard Chartered Private Equity Limited	96,330,215	5.93

NOTICE AND AGENDA OF THE TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting (AGM) of the Members of Copperbelt Energy Corporation PLC (CEC) will be held at 10:00 hours on Thursday, 27th April 2023.

The AGM proceedings will be held virtually on https://eagm.creg.co.zw/eagm/Login.aspx.

A. **Call to Order**
Call to order, tabling of proxies and announcement concerning quorum in attendance.

B. **Resolution 1 - Adoption of Minutes – Wednesday, 27th April 2022**

To consider and adopt the minutes of the Twenty-Fourth Annual General Meeting held on Friday, 27th April 2022.

C. **Resolution 2 - Adoption of Directors' Report and Financial Statements**

To receive and adopt the Directors' Report and the Financial Statements for the year ended 31st December 2022, together with the report thereon of the auditors.

D. **Resolution 3 - Ratification of Dividend Payment**

To ratify the dividend payment made on 31st October 2022.

E. **Resolution 4 - Appointment of Auditors**

To consider and adopt the recommendation for the appointment of Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to set their remuneration.

F. **Resolution 5 - Appointment of Directors**

To consider and adopt the recommendation of the Board for the appointment of Mr. London Mwafulilwa and Dr. Patrick Nkanza as Directors of the Company in accordance with Article 14.4 of the Articles of Association.
Mr. London Mwafulilwa and Dr. Patrick Nkanza will retire at the AGM. The Directors recommend the appointment of Mr. Mwafulilwa and Dr. Nkanza as Directors in accordance with Article 14.4 of the Articles of Association, to hold office until the conclusion of the next AGM of the Company at which they will retire.

G. **Resolution 6 - Amendment of Articles of Association**

To ratify the amendment of Clause 3.4 of the Articles of Association of the Company (Special Shareholder Rights) and to authorise the Directors to do all deeds, acts, and things as maybe necessary or expedient to give effect to the resolution.

H. To transact such other business as may properly be transacted at an AGM.

By order of the Board

Julia C Z Chaila (Mrs)
Company Secretary

NOTES

(a) The proceedings of the AGM will be streamed live through a designated online conferencing platform. The online conference connection details will be shared after successful registration on the link provided below.

Registration Link: https://eagm.creg.co.zw/eagm/Login.aspx

(b) Please note that Members are required to register for the AGM in advance on the link provided in (a) above.

(c) To register for the AGM, a Member must have a working email.

(d) The window for registration for the AGM shall open on 6th April 2023 and automatically close at the commencement of the AGM on 27th April 2023 at 10:00hrs.

(e) After registering, a Member will receive a confirmation email or SMS containing information about joining the AGM.

(f) After registering, a Member will also receive their Lusaka Securities Exchange (LuSE) ID number, which they must have on the day of the AGM in order to vote on the resolutions.

(g) To fully participate in the AGM, a Member must have a reliable internet connection.

(h) Queries on how to log into the AGM, registration or the voting process can be channeled to Corpserve Transfer Agents on mobile number +260 955 899375 or by email to info@corpservezambia.com.zm/ prisca.chizi@corpservezambia.com.zm

(i) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy by form of proxy or power of attorney to attend and vote in his/her/its place. Such proxy need not be a Member of the Company. The instrument appointing a proxy and, if applicable, the authority under which it is signed, must be deposited at the office of the Company Secretary at Headquarters, 23rd Avenue, Nkana East, Kitwe or alternatively, deposited at the Lusaka offices of CEC on 2nd Floor Green City, Stand 2374, Kelvin Siwale Road, Off Thabo Mbeki Road, opposite the showgrounds or sent by email to the Company Secretary at chailaj@cec.com.zm not less than 48 hours before the time appointed for holding the meeting.

(j) In accordance with Article 12.1 (2) of the Articles of Association of the Company, two Members holding between them a majority in nominal value of the issued ordinary shares of the Company present in person or by proxy will be deemed to form a quorum.

(k) Resolutions 1 to 5 will be passed at the AGM as Ordinary Resolutions by a simple majority representing 50% of the voting rights attached to the shares and entitled to vote at the AGM. Resolution 6 will be passed as a Special Resolution if 75% or more of the votes representing the nominal value of the shares represented at the AGM vote in favour of the resolution.

Other Details

Members are advised that the Company has a website providing information on the AGM. Posted on the website are copies of the Notice and Agenda for the AGM, the appropriate Forms of Proxy, the Annual Report of the Company for the year ended 31st December 2022 and other relevant documents. The Company's web address is https://cecinvestor.com.

MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF COPPERBELT ENERGY CORPORATION PLC CONDUCTED VIRTUALLY VIA ZOOM ON WEDNESDAY, 27TH APRIL 2022 AT 10:06 HOURS

PRESENT:

Mr. London Mwafulilwa	-	Chairman
MEMBERS PRESENT:	-	As per attached Attendance Register

DIRECTORS IN ATTENDANCE:

Dr. Patrick Nkanza	-	Vice Chairman
Mrs. Mildred T. Kaunda	-	Director
Mr. Munakupya Hantuba	-	Director
Mr. Ronald Tamale	-	Director
Mr. Joe M. Chisanga	-	Director
Mr. Derek Chime	-	Director
Mr. Thomas Featherby	-	Director
Mr. Siyanga Malumo	-	Director
Mr. Arnold Simwaba	-	Director
Mr. Situmbeko C. Mubano	-	Alternate Director to Mr Tisa Chama
Mr. Owen Silavwe	-	Managing Director

SECRETARY:

Mrs. Julia C Z Chaila	-	Company Secretary

DECLARATION OF INTEREST

Mr. London Mwafulilwa and Dr. Patrick Nkanza declared interest in relation to the adoption of Resolution 5.

PROXIES:

On behalf of the Members, the following representation of proxies were tabled:

Mr. Derek Chime	-	Marina IV (Singapore) Pte Ltd
Mr. Derek Chime	-	Marina V (Singapore) Pte Ltd
Mr. Derek Chime	-	Standard Chartered Private Equity Ltd
Mr. Siyanga Malumo	-	Zambian Energy Corporation (Ireland) Ltd
Mr. Situmbeko C. Mubano	-	ZCCM Investments Holdings PLC
Ms. Predencia Ngosa	-	Sanlam Life Insurance
Ms. Predencia Ngosa	-	PSPF Staff Pension Scheme
Ms. Predencia Ngosa	-	SCZ International Ltd Pension
Ms. Predencia Ngosa	-	Sandvik Mining Trust Pension Scheme
Ms. Predencia Ngosa	-	Zambia Sugar Pension Trust Fund
Ms. Predencia Ngosa	-	Golden Sunset Pension Fund
Ms. Predencia Ngosa	-	Zanaco Plc DC Pension Scheme
Ms. Predencia Ngosa	-	Access Bank Zambia Limited Pension Trust Scheme
Ms. Predencia Ngosa	-	Stanbic Bank Zambia Nominees
Ms. Predencia Ngosa	-	Game Stores Pension Trust Scheme
Ms. Predencia Ngosa	-	Workers' Compensation Pension Trust

Ms. Predencia Ngosa	-	Saturnia Regna Pension Fund Registered Trustees
Ms. Predencia Ngosa	-	Sun International Pension Trust Scheme
Ms. Predencia Ngosa	-	Standard Chartered Bank Zambia PTF
Ms. Predencia Ngosa	-	National Institute for Scientific and Industrial Research Pension Scheme
Ms. Predencia Ngosa	-	NATBREW Pension Scheme
Ms. Predencia Ngosa	-	UTI Zambia Limited Pension Trust
Ms. Predencia Ngosa	-	Octagon Umbrella PTF
Ms. Predencia Ngosa	-	Zambia Revenue Authority Staff Pension
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Workers' Compensation Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Lunsemfwa Hydro Pension Trust Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Lusaka Trust Hospital Pension Trust Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Health Sector Grant Aided Pension Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Finance Bank Zambia Pension Trust
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Final Salary Pension Trust Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Citibank Pension Trust Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Zambia Railways Limited Pension Scheme-DC
Mr. Kelvin Shiyunga/Natasha Nakawala	-	MultiChoice Zambia Pension Trust Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Motor Mary Group Zambia Pension Trust
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Madison Pension Trust Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Africa 53 Pension Trust Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Toyota Zambia Pension Trust Fund
Mr Kelvin Shiyunga/Natasha Nakawala	-	Zambia Episcopal Conference Pension Trust Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Zambia National Building Society Pension Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Workers' Compensation Pension Trust
Mr Kelvin Shiyunga/Natasha Nakawala	-	Prudential Pensions Management Zambia
Mr. Kelvin Shiyunga/Natasha Nakawala	-	PICZ Pension Trust
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Buyantanshi Pension Trust Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	CEC Pension Trust Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Absa Staff Pension Trust Scheme
Mr Kelvin Shiyunga/Natasha Nakawala	-	ZRADB Pension Scheme
Mr Kelvin Shiyunga/Natasha Nakawala	-	ZRADB 2 Pension Scheme
Mr Kelvin Shiyunga/Natasha Nakawala	-	ZRA DC Pension Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	ECZ Pension Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Money Purchase Pension Scheme
Mr. Kelvin Shiyunga/Natasha Nakawal	-	Wealth Guard Pension Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Kwacha Pension Trust Fund
Ms. Mutinta Chitebu	-	Stanbic Nominees - Mpile Local Equity Fund
Mr. Kelvin Shiyunga/Natasha Nakawala	-	FQM Pension Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Zambezi River Authority Pension Scheme
Mr. Kelvin Shiyunga/Natasha Nakawala	-	Standard Chartered Zambia Securities Services Nominees Ltd
Mr. Fred Sirusiru	-	Local Authorities Superannuation Fund

1.0 Call to Order

The Chairman, Mr. London Mwafulilwa, called the meeting to order at 10:05 hours and welcomed all present to the 24th AGM of CEC. In his introductory, remarks the Chairman said that coming off another period of uncertainty and disruption occasioned by the COVID-19 pandemic and the consequent tumult in the local and global economies, we can be proud as shareholders that the Company had delivered a set of commendable results and in fact performed above expectation.

He went on to say that despite the challenges from a public health, commercial and relationship perspective, the Company significantly reduced the level of impairment losses compared to the prior year and delivered demand growth across all business segments, resulting in the restoration of profitability, which came in at USD51.2 million although operating costs were higher than the prior year; largely occasioned by the higher than planned legal costs incurred on the various legal matters the Company was engaged in.

He further went on to say that the Company had continued to operate without a formally signed agreement for the services exchanged with ZESCO even as the utilities ensured undisrupted service provision to all customers, pending re-engagement on the outstanding contractual matters. The Chairman said that he was glad to inform shareholders that the long outstanding agreement, taking effect from 1st April 2022, was undergoing regulatory approval before signing could take place. He then reported that there had been much improvement in the relations with ZESCO and that the two utilities looked forward to a better future. He congratulated both CEC and ZESCO for the worthy achievement.

A number of issues earlier in the year were carry-overs from the previous year, mostly stemming from the commercial and legal disputes affecting the Company. Some of these matters are now closed and others are pending active resolution.

He further said that continued improvements to the Company's integrated management systems had culminated into aligning management systems with ISO standards. This was affirmed by the Company's achievements of certification to the ISO standards of occupational health and safety (45001:2018), environment (ISO 14001:2015) and quality (ISO9001:2015). Earning this certification was a major boost to CEC's system for managing the health, safety, environment and quality assurance aspects of its business and another great achievement for the Company.

He congratulated the shareholders, on having trusted the Board and managementto steer the Company through very difficult and uncertain times. With the share price having rallied in 2021 to its highest yet, after having hit its lowest, he said the shareholders' support had served as endorsement of leadership of the Company's leadership. He said CEC optimistically looked forward to a brighter and better future, for the Company, its business, and stakeholders.

2.0 Introduction of the Board of Directors

The Chairman subsequently introduced the members of the Board of Directors present at the meeting. Dr. Patrick Nkanza, the Vice Chairman of the Board, Mr. Siyanga Malumo, Mrs. Mildred Kaunda, Mr. Munakupya Hantuba, Mr. Ronald Tamale, Mr. Joe Mwansa Chisanga, Mr. Derek Chime, Mr. Thomas Featherby, Mr. Situmbeko C Mubano (alternate to Mr. Tisa Chama) and Mr. Owen Silavwe, the Managing Director. Also introduced were the Chief Financial Officer, Mr. Mutale Mukuka and the Company Secretary, Mrs. Julia Chaila.

3.0 Apologies

The Chairman informed the meeting that apologies were received from Mr. Tisa Chama who had appointed Mr. Situmbeko C. Mubano as his Alternate Director.

4.0 Auditors in Attendance

Mr. Mwafulilwa also noted the attendance of Messrs PricewaterhouseCoopers, the Auditor, represented by Mr. Andrew Chibuye and Mr. Fayson Munkombwe.

5.0 Proxies

Mrs. Julia Chaila, the Company Secretary, informed the meeting that the Company had received a number of proxies. She reported that the principal shareholders of the Company, Standard Chartered Private Equity and Marina IV & V (Singapore) Pte Ltd, had each appointed Mr. Derek Chime as their representative at the AGM. She also said that. Mr. Situmbeko C. Mubano had been appointed as representative for ZCCM Investments Holdings PLC, while Zambian Energy Corporation (Ireland) Ltd had appointed Mr. Siyanga Malumo. She told the meeting that she would not read out the other proxies that had been received, but that they would be recorded in the minutes for the AGM, as was the practice.

6.0 Quorum

Mrs. Chaila reported that the quorum required for the AGM was two members holding between them a majority in nominal value of the issued ordinary shares of the Company, present in the meeting in person or by proxy. She told the meeting that as there were more than two shareholders with a majority in the nominal value of the issued ordinary shares of the Company, the necessary quorum had been achieved.

She said that the Notice convening the meeting and the Agenda had been in the shareholders' hands within the period stipulated by the Articles of Association of the Company and, therefore, with the consent of the members, she would take the Notice and Agenda as read.

7.0 **Voting Process**

The Chairman informed the Members that the vote on all resolutions tabled at the AGM would be taken by Poll and Resolution 1 to Resolution 6 would be passed as Ordinary Resolutions, which could be passed by a simple majority representing 50% of the voting rights attached to the shares and entitled to vote at the AGM. Resolution 7 would be passed as a Special Resolution which would be required to be passed by 75% or more of the votes representing the nominal value of the shares represented at the AGM. Each resolution would be adopted separately upon proposal to the shareholders.

8.0 **Resolution 1 – Adoption of the AGM Minutes held on Wednesday, 30th April 2021**

The Chairman said that the First Resolution on the Agenda was to approve the Minutes of the AGM that was held on Wednesday, 30th April 2021.

Resolution

Upon a motion being proposed by Mr. Derek Chime and seconded by Mr. Gift Nyirenda, it was RESOLVED THAT the minutes of the meeting held on Wednesday, 30th April 2021 be confirmed as a true and correct record of the proceedings of the meeting.

The voting process on Resolution 1 proceeded.

9.0 **Resolution 2 – Adoption of Directors' Report and Financial Statements for the year ended 31st December 2021**

The Chairman said that the Second Resolution on the Agenda was to receive the Directors' Report and the Financial Statements for the year ended 31st December 2021 together with the Report of the Auditor of the Company.

The Chairman proceeded to invite reports from Mr. Owen Silavwe, the Managing Director, on the overview of the Company which was followed by the report from the Chief Financial Officer, Mr. Mutale Mukuka, who presented a summary of the financials for the year ended 31st December 2021. Thereafter, the auditor, PricewaterhouseCoopers through Mr. Andrew Chibuye, presented their report to the members.

Subsequent to the foregoing, the Directors' Report and Financial Statements for the year ended 31st December 2021 and the Auditor's Report thereon were tabled for consideration by the Members.

Resolution

Upon a motion being proposed by Mr. Kenneth Chense and seconded by Mr. Sekeli Maboshe, it was RESOLVED THAT the Directors' Report and Financial Statements for the year ended 31st December 2021 together with the report of the Auditors be and are hereby approved.

The voting process on Resolution 2 proceeded.

10.0 **Resolution 3 – Ratification of Dividend Payment made on 1st November 2021**

The Chairman said that the Third Resolution on the Agenda was the ratification of the dividend payment made on 1st November 2021.

Resolution

Upon a proposal by Ms. Rose Mutale and seconded by Mr. Bbenkele Haachitwe, it was RESOLVED THAT the dividend paid to the members on 1st November 2021 be and is hereby ratified.

The voting process on Resolution 3 proceeded.

11.0 **Resolution 4 – Appointment of Auditors and Remuneration of the Auditors**

The Chairman said that the Fourth Resolution on the Agenda was in relation to the appointment and remuneration of the Auditors of the Company.

The Chairman invited Mr. Joe Mwansa Chisanga, Chairman of the Audit Committee to make the proposal for the appointment and remuneration of the Auditors.

Mr. Chisanga proceeded to propose that Messrs PricewaterhouseCoopers be appointed as Auditors of the Company to hold office until the next AGM of the Company and, further, that the Directors be authorised to set their remuneration.

Resolution

Upon a proposal by Mr. Joe Mwansa Chisanga and seconded by Mr. Thomas Mkandawire, it was RESOLVED THAT PricewaterhouseCoopers be appointed as Auditors of the Company to hold office until the next AGM of the Company and that the Directors be authorised to set their remuneration.

The voting process on Resolution 4 proceeded.

12.0 **Resolution 5 – Appointment of Directors**

Mr. Mwafulilwa handed over the chairmanship of the meeting to Mr. Joe Mwansa Chisanga at 12:30 hours to attend to the adoption of Resolution 5.

Mr. Chisanga informed the meeting that Mr. London Mwafulilwa and Dr. Patrick Nkanza, Directors of the Company, who were appointed as Directors at the last AGM would retire at the current meeting in accordance with Article 14.4 of the Articles of Association of the Company. He said that following the referred retirement, the Directors recommended the re-appointment of Mr. London Mwafulilwa and Dr. Patrick Nkanza as Directors on the Board to hold office until the next AGM of the Company at which they would retire.

Resolution

Upon a proposal by Mr. Joe Mwansa Chisanga and seconded by Ms. Jacqueline Chilela, it was RESOLVED THAT in accordance with Article 14.4 of the Articles of Association of the Company, Mr. London Mwafulilwa and Dr. Patrick Nkanza be and are hereby appointed as Directors of the Company to hold office until the conclusion of the next AGM of the Company at which they would retire.

The voting process on Resolution 5 proceeded.

The chairmanship of the meeting reverted to Mr. Mwafulilwa at 12:35 hours.

13.0 **Resolution 6 – Revision of Directors Fees (Directors Compensation**)

The Chairman said the Sixth Resolution on the Agenda was in relation to the consideration of the Revision of the Directors' Fees (Director Compensation). The Chairman called the Chief Financial Officer to present the Directors' Fees.

Upon a proposal by Mr. Mutale Mukuka and seconded by Mr. Billy Sakavuyi, it was **RESOLVED** the Revision of the Directors Fees be ratified.

14.0 **Resolution 7 – Amendment of Articles of Association**

The Chairman said that the Seventh Resolution on the Agenda was to consider and, if found fit, approve by Special Resolution the amendments to the Articles of Association of the Company to align the Articles with the Companies Act, 2017, the Securities Act, 2016 and the LuSE Listing Rules and to authorise the Directors to do all deeds, acts, and things as may be necessary or expedient to give effect to the resolution.

Before a vote was taken on Resolution 7, a short presentation was made by the external counsel, Ms. Sharon Sakuwaha of Messrs Moria Mukuka Legal Practitioners, on the proposed amendments to the Articles of Association.

Upon a proposal made by Mr. Elisha Shapani and seconded by Mr. Chance Mugala, the approval of the amendments to the Articles of Association of the Company was ratified.

15.0 **Announcement of Poll Results**

Following the vote on the resolutions, the Chairman announced the poll results as follows:

No.	Resolution	Shares for	%	Shares against	%	Shares abstained	%
1.	Minutes of the Annual General Meeting of 30th April 202	1,088,794,493	100.00	4,100	0.00	1,099,643.00	0.00
2.	Directors' Report and Financial Statements for the year ended 31st December 2021	1,299,720,678	100.00	0	0.00	1,046,195.00	0.00
3.	Ratification of dividend payment made on 1st November 2021	1,313,568,037	100.00	684	0.00	99,295.00	0.00
4.	Appointment of Auditors	1,308,689,581	100.00	123,515	0.00	3,450.00	0.00
5.	Appointment of Directors	1,303,325,441	100.00	200,325	0.00	6,155.00	0.00
6.	Revision of Directors Fees (Directors Compensation)	1,306,269,167	100.00	336,112	0.00	1,075,140.00	0.00
7.	Amendment of Articles of Association	1,204,286,841	100	20,334	0.00	1,806,848.00	0.00

After the announcement of the results, the Chairman declared that all the resolutions set out in the Notice and Agenda for the AGM had been passed unanimously by more than two-thirds of the votes attaching to the shares entitled to vote and held by the shareholders present in person or by proxy at the meeting.

16.0 **Closure**

There being no other business, the Chairman thanked management and the team involved in the preparations, for a successful AGM and further thanked the shareholders for attending the meeting. The Chairman declared the meeting closed at 13:30 hours.

[SIGNED]
Director
[DATE]

[SIGNED]
Company Secretary
[DATE]

27TH APRIL 2022 AGM ATTENDANCE REGISTER

1) PROXIES

NAME	PROXY
WORKERS' COMPENSATION FUND CONTROL BOAD	MOSES SIMBEYE
MARINA IV (SINGAPORE) PTE LTD	DEREK CHIME
ZCCM-IH	SITUMBEKO C MUBANO
ZAMBIAN ENERGY CORPORATION (IRELAND) LIMITED ZECI	SIYANGA MALUMO
STANDARD CHARTERED PRIVATE EQUITY LIMITED	CHIME DEREK
SATURNIA REGNA PENSION TRUST FUND	PREDENCIA NGOSA
MARINA V (SINGAPORE) PTE LTD	DEREK CHIME
NATIONAL PENSION SCHEME AUTHORITY	KEBBY KAUMBI
LOCAL AUTHORITY SUPERANNUATION FUND	FRED SIBUSIKU
STANBIC BANK PENSION TRUST FUND	PREDENCIA NGOSA
KCM PENSION TRUST SCHEME	PREDENCIA NGOSA
ZAMBIA SUGAR PENSION TRUST SCHEME	PREDENCIA NGOSA
STANBIC NOMINEES-MPILE LOCAL EQUITY FUND	MINTU CHITEBE
BARCLAYS BANK STAFF PENSION TRUST FUND	PREDENCIA NGOSA
BARCLAYS BANK ZAMBIA STAFF PENSION FUND - PPMZ	NATASHA NAKAWALA
STANDARD CHARTERED BANK PENSION TRUST FUND	PREDENCIA NGOSA
ZANACO PLC DC PENSION SCHEME	PREDENCIA NGOSA
PICZ PENSION TRUST - MONEY PURCHASE	NATASHA NAKAWALA
ZAMBIAN BREWERIES PLC PENSION TRUST SCHEME	PREDENCIA NGOSA
LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME	PREDENCIA NGOSA
AIRTEL ZAMBIA STAFF PENSION FUND	PREDENCIA NGOSA
ZAMBIA NATIONAL BUILDING SOCIETY	NATASHA NAKAWALA
INDENI PENSION TRUST SCHEME	PREDENCIA NGOSA
BUYANTANSHI PENSION TRUST FUND	PREDENCIA NGOSA
SANDVIC MINING PENSION SCHEME	PREDENCIA NGOSA
CEC PENSION TRUST SCHEME	PREDENCIA NGOSA
ZRA PENSION TRUST SCHEME	NATASHA NAKAWALA
LUBAMBE COPPER MINES PENSION TRUST SCHEME	PREDENCIA NGOSA
MADISON PENSION TRUST FUND	NATASHA NAKAWALA
CEC PESION TRUST SCHEME	NATASHA NAKAWALA
FINANCE BANK	NATASHA NAKAWALA
WORKCOM PENSION TRUST SCHEME	PREDENCIA NGOSA
GAME STORES PENSION TRUST SCHEME	PREDENCIA NGOSA
GOLDEN SUNSET PENSION FUND	PREDENCIA NGOSA
AFRICA 53	NATASHA NAKAWALA
MULTICHOICE PENSION SCHEME	NATASHA NAKAWALA
SUN INTERNATIONAL PENSION TRUST SCHEME	PREDENCIA NGOSA
TOYOTA ZAMBIA	NATASHA NAKAWALA
ZAMBIA REVENUE AUTHORITY PENSION TRUST SCHEME	NATASHA NAKAWALA
HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME	PREDENCIA NGOSA
PSPF STAFF PENSION SCHEME	PREDENCIA NGOSA
SCZ INTERNATIONAL LTD PENSION TRUST	NATASHA NAKAWALA
NATIONAL BREWERIES PENSION TRUST SCHEME	PREDENCIA NGOSA
WORKCOM TRUST PENSION SCHEME - PPMZ	NATASHA NAKAWALA
DELOITTE AND TOUCH PENSION TRUST SCHEME	PREDENCIA NGOSA
STANBIC BANK ZAMBIA NOMINEES	MINTU CHITEBE
EXAMINATIONS COUNCIL OF ZAMBIA	NATASHA NAKAWALA
BUYANTANSHI PENSION SCHEME	NATASHA NAKAWALA
ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	PREDENCIA NGOSA

NATIONAL INSTITUTE FOR SCIENTIFIC AND INDUSTRIAL RESARCH	PREDENCIA NGOSA
ACCESS BANK ZAMBIA LIMITED PENSION SCHEME	PREDENCIA NGOSA
UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME	PREDENCIA NGOSA
HILDA'S HENS FAMILY TRUST	CHARLES MATE
BUYANTANSHI PENSION TRUST FUND	NATASHA NAKAWALA
STANBIC NOMINEES ZAMBIA LIMITED	MINTU CHITEBE
LUSAKA TRUST PENSION SCHEME	NATASHA NAKAWALA
BUYANTANSHI PENSION TRUST FUND	NATASHA NAKAWALA
PROFESSIONAL PENSION TRUST WEALTH FUND - WEALTH GUARD	NATASHA NAKAWALA
LUNSEMFWA HYDRO POWER PENSION SCHEME	NATASHA NAKAWALA
STANBIC BANK ZAMBIA NOMINEES	MINTU CHITEBE
FINAL SALARY	NATASHA NAKAWALA
STANBIC NOMINEES LTD	MINTU CHITEBE
SANLAM LIFE INSURANCE (Z) LTD	PREDENCIA NGOSA
MOTOR MART GROUP ZAMBIA	NATASHA NAKAWALA
STANBIC BANK ZAMBIA NOMINEES LTD	MINTU CHITEBE
OCTAGON UMBRELLA TRUST FUND	PREDENCIA NGOSA
FLAG SQUARE HOLDINGS LIMITED	ARNOLD SIMBEYE

2) ATTENDEES - SHAREHOLDERS

Name	Proxy
DR PREM JAIN & SUMAN JAIN	
AARON BOTHA	
MUTALE MUKUKA	
MUKUBA PENSION TRUST DEFINED BENEFIT SCHEME	
JULIA CHRISTINE ZULU CHAILA	
FELSITUS KANGWA	
GEORGE C. MUTONO	
ANDREW KAPULA	
YONAH BANDA	
DORCAS MUDENDA MBULA PHIRI	
FREMMY SIKAZWE KANDEKE	
SYLVESTER MUKUKA CHIPOMPO	
MUHAU PUMULO	
MUYUNDA MUNYINDA	
MUNAKUPYA HANTUBA	
WELLINGTON TUNGATI	
PATRICK MBEWA	
CHILAO CHISANGA KENNY	
CHOOLWE NALUBAMBA	
JOE CHIYASSA	
DONALD KALEBUKA	
MARTIN SIMPEMBA	
GERTRUDE LUKONDE NKHOMA	
CHAMA NSABIKA	
BBENKELE HAACHITWE	
JOHN SILWEYA	
GEORGE CHILUFYA KANG'OMBE	
PATRICIA MUDENDA BANDA	
RAJ DILIP KAPADIA	
MICHAEL JOHN TARNEY & SIYANGA MALUMO	
CHAPITA MBUZI	

ELIAS MWAPE MUNSHYA	
ALAN CHAMBESHI KAPOMA	
JACQUELINE CHILELA	
MUSONDA KASAKULA	
ALFRED PHIRI	
CHANCE MUGALA	
BRIDGET MWAKA	
KASONGO MEVIS KASONGO CHISANGA	
MAINZA MWIINGA	
LUSEMUNA BWALYA CHILONGOSHI	
EVELYNE NAMBEYE	
MASOZI PHIRI	
SHIKOKI RICHARD MWAMBA	
ISAAC MACHANDA	
WINFIELD KUNDA	
MULENGA MUKOKWA NSOFWA	
LWEENDO HIMONGA	
MULENGA BWALYA	
PETER MBALA KAZWALA	
GREGORY MALUNGO	
PASCAL CHANDA	
JOSEPH WAPABETI	
VICTORIA CHAMA	
MUBITA JOCELYN MUFAYA	
KAKOMA KAPALU	
RABBIE MUKUMA	
BWALYA PRISCA MADICHI	
LEORNARD KABWE LUFUNGULO	
VINCENT NYIRENDA	
GEORGE SILUTONGWE	
PATRICK GREGORY MWALE	
CHISHIMBA LAMBA	
CHISANGA SYLVESTER SIAME	
EVARISTO NGOWANI	
GILBERT HACHIZENGE SIMAKOLOYI	
CATHERINE MWENDA	
VINCENT CHANDA	
NTAZANA SIAME	
BRIAN DAKA	
MCGERALD MVULA	
INSURANCE BROKERS ASSOCIATION	
CAROLINE MWIINGA SINKAMBA	
ICM EQUITIES LIMITED	
CAROLINE CHENGO	
CHRISTOPHER MUKUPA	
PEGGY SICHONE	
NAMANGOLWA MATEELE	
CATHERINE MUSUKWA	
PETER KUNDA	
SEBASTIAN CHINKOYO	
MERCY KABIKI	
JOSHUA SIMUKONDA	
MEMORY MUSANVU	
STEPHEN KAUNDA	

ELIZABETH CHIBOBOKA	
THERESA KAPOTWE PASOMBA	
KAFULA CHIMFWEMBE	
SUSAN KAPAMPA MULENGA	
CHALI MUCHEMWA	
ALEX KAFWETA	
NANGALELWA MANDO	
SEKELI MABOSHE	
SHULA ANTHONY MULENGA	
KABWE SERENJE	
TREVOR MALUMBE NABULEMBELA	
SHADRICK KATAWA	
VINCENT MULENGA	
MUSA PHIRI	
ASHERY CHISAKA	
PRECIOUS MUSONDA	
MULENGA TAZA DALISE	
CHANSA KAPAMBWE	
LLOYD NKUWA	
BLACKWELL NKANDU	
GODWIN MUNGO	
MUSIALELA MWANGO	
CONSOLIDATED TYRE SERVICES PE	
GRAY TEMBO	
BURNHAM NSAMA MUBANGA	
ROSEMARY TAMARA MUMBA	
MWILA CHANSA	
KALENGE MUKUMBWA	
INKENI HINJI	
EMMANUEL TONGA	
ABRAHAM MWANZA	
CLIVE MASAKAMIKA TINDI	
DAVIES MISENGO	
EUGENE MPOLOKOSO	
PARTON KAOMA	
CHOMBA MARK MUSHOTA	
NKUMBU MERCY NAMWILA	
VICTOR CHUNGU	
SAMUEL MUSUKUMA	
MAYFORD CHIKOYA	
SEVERINA CHILESHE	
JONES KAMPINDA SAMBAOMBE	
FREDRICK C. CHISAMBWE	
MWANSA EMILY KASONDE	
MARJORIE TEMBO	
SUSAN BWALYA	
MULENGA ANNIE CHILESHE	
GRACE K. SAMUI	
GIFT CHITEMBEYA NYIRENDA	
GODFREY LUNGU	
BILLY SAKAVUYI	
KOMESA KALELE	
KASOFU CHIKASHI	
JONTALA MASEKO	

ESTHER MWALE	
DORA NGOSA MULENGA SILWIZA	
IGNATIUS CHIBELUKA	
TEZA SIMEMBA	
ENOCH MULIOKELA MUBUKA	
MUYUNDA SUNDANO	
CHANKA WALTER KAWAMA	
AGNES UTUNGA PHIRI	
THOMAS C. MKANDAWIRE	
LYATO ENOCK LYATO	
LUCHEMBE IGNATTIUS NKANDU	
MAKASA CHRISTOPHER MAKASA	
VAIGO BANDA	
JOHN NTALASHA	
MAIMBOLWA CHRISTINE MATALE	
MUTABUKILANG'OMBE CHITOSHI MUMBI	
AGNES MUMBA MWANZA	
MUWATSI BLESSING VEE	
SILISHEBO CHARLES LIFELO	
CHRISPINE SAKAMBWA	
SIWALE NJAVWA	
BERNARD TEMBO	
REGINA MAINZA	
GIBSON NZABUKA SILUWELA	
KANYEMBA LINDA MALALA MWANZA	
ARNOLD MILNER SIMWABA	
BRIAN CHIPALO	
KASITU MWAKA	
MABINA MAKINA	
ESTELE PHRI	
MARTHA MUMBA	
MWANSA CHOLA	
BEATRICE WUTINGU NAWALINGA	
NSELUKA CHITI	
CATHERINE HANENE	
ESTHER MULWANDA	
JULIE GONDWE	
LUNZA SIAMUZYULU	
MUBIANA MUKUBUTA	
KANYANTA KAPAMBWE	
KONDWANI GILBERT NYIRENDA	
KWITAKA MALUZI	
CHANDA HENRY NSHIKITA	
MUTALE CHENGO	
ELISHAH SHAKAMI	
MAY HANGOYE	
MALIJANI BILLY KUNDA	
BRIAN MARLON KUNDA	
BERTHA SHANZALA	
CUTHBERT MUBANGA	
VINCENT SICHONE	
LWEENDO SIANANGAMA	
EMMANUEL NSWANA	
CHIMUTI LUNGU	

FLOYD CHITENGI	
EDWARD GOMA	
OBBY MUNDIA	
NJAVWA NAMBEYE	
SAMUEL BANDA	
AKUNJIVWA MUKWASA	
BRIGHT CHISENGA	
BRIAN SIPULA	
DORICA ZIMBA	
NAMULINDA SUWILANJI SIMUKONDA	
SAMPA CHANDA SAMPA	
MWANAG'OMBE SILUKENA	
AMOS CHIPAILA	
NG'ANDWE MUFULO KAPUKA	
TUBALEMYE MUTWALE	
NUTTAH MUMBI	
ALLAN SITWALA	
FLORA KABALATA NG'AMBO	
EUGENE LISWANISO MUYANGANA	
MANGANI LENNY PHIRI	
MWILA MARTHA SUNGA	
HAAMBOKOMA MWIZA	
MWIINGA MAINGA	
CHRISPIN LUKWESA CHOLA	
NAULUTA CHANDA	
ANDREW KANYANTA YALUMA	
MATHEWS NDALAMA	
MUKUMBA CHARLES POLENI	
MABVUTO PHIRI	
RUTH DUMISA KASARO	
BRAVE CHISALA	
PETER SINKALA	
NATHAN CHIBESA	
MUSEKWA MIMBA	
CHIWALA MANDALA	
THOKOZILE MVULA	
TISA LUNGU	
BUPE MWANSA	
JANAI CHABALA	
TITO JOSEPH	
LUCIA CHILUMBA PHIRI	
MULENGA KANSAMBA	
CHANGU CHAMBWA CHITEME	
AUBREY MUSONDA CHISENGA	
JACKSON MUYENDEKWA MWANZA	
MULENDEMA SANDRA MAMPEMPU	
MWAMBA MWAMBA	
DALITSO WANE PHIRI	
DANIEL MWELUMUKA	
MWILA MINIVER MONDE	
ALFRED PHIRI	
FRANCIS CHILAMBWE	
KATONGO MUTALE	
RAYMOND CHIRWA	

MUKOSHA MUSONDA	
EXILDAH NGALANDE	
CHARITY NAYAME	
MATHEWS SIACHINJI KAZEMBA	
JAPHET MAXWELL MAKINA	
PRECIOUS CHABALA	
NG'ANDWE MUSA CHIFOTA	
JOY NANYINZA	
MARTHA MAIBA	
KAMBA KABWE	

3) ATTENDEES - NON SHAREHOLDERS

Name	Representing
ROBERT STANGROOM	AFRICAN FINANCIALS
SHANICE BUYS	AFRICAN FINANCIALS
TAFADZWA MANHINDI	AFRICAN FINANCIALS
REUBEN KAPALA MUNUNGWE	COPPERBELT ENERGY CORP PLC
ANGEL CHISENGA	COPPERBELT ENERGY CORPORATION PLC
BENNY SIMUKOKO	COPPERBELT ENERGY CORPORATION PLC
DICKSON CHIPUMBU	COPPERBELT ENERGY CORPORATION PLC
ELEANOR MZUMIRA NSHAMBA	COPPERBELT ENERGY CORPORATION PLC
EMMANUEL LIMWANYA	COPPERBELT ENERGY CORPORATION PLC
ERIC MUNENE HANZIBA	COPPERBELT ENERGY CORPORATION PLC
JOHN SIMACHEMBELE	COPPERBELT ENERGY CORPORATION PLC
LAZAROUS MUSITINI	COPPERBELT ENERGY CORPORATION PLC
LIZZIE MUWOWO	COPPERBELT ENERGY CORPORATION PLC
MILDRED KAUNDA	COPPERBELT ENERGY CORPORATION PLC
MUBANGA MUKAYI	COPPERBELT ENERGY CORPORATION PLC
NATASHA NELSON	COPPERBELT ENERGY CORPORATION PLC
RONALD TAMALE	COPPERBELT ENERGY CORPORATION PLC
SANKENI KADOCHI	COPPERBELT ENERGY CORPORATION PLC
SAVIOUR MWANSA	COPPERBELT ENERGY CORPORATION PLC
THOMAS FEATHERBY	COPPERBELT ENERGY CORPORATION PLC
TITUS MWANDEMENA	COPPERBELT ENERGY CORPORATION PLC
SETFREE NHAPI	CORPSERVE ZAMBIA
PRISCA CHIZI	CORPSERVE ZAMBIA
MUTINTA KAKUMBI CHILESHE	CORPSERVE ZAMBIA
MARGARET PHIRI	FIRST NATIONAL BANK ZAMBIA
WINFRIDAH MOFU	FIRST NATIONAL BANK ZAMBIA
CHIMWEMWE JENKYNE MSADALA	INTERESTED INVESTOR
IDREEN MALAMBO	MADISON FINANCE
CHIMKUZI JACK PHIRI	MADISON LIFE INSURANCE
SHARON SAKUWAHA	MOIRA MUKUKA LEGAL PRACTITIONERS
WENDY TEMBO	PANGAEA SECURITIES LTD
MICHAEL KALUBA	PHOENIX FM ZAMBIA
ANDREW CHIBUYE	PRICEWATERHOUSECOOPERS
VICTOR SODALA	PYLOS ZAMBIA
KENNEDY MBEWE	RADIO ICENGELO
LUCY NAMUCHIMBA	SECURITIES AND EXCHANGE COMMISSION ZAMBIA
TRUST MWAISAKA	STOCKBROKERS
KENNEDY MUPESENI	TIMES OF ZAMBIA
CHEMBE MBALE	YAR FM

COPPERBELT ENERGY CORPORATION PLC FORM OF PROXY

FORM 1

I/We ....of ....

being a Member/Members of the above named Company, hereby appoint ....

of .... or, in his/her absence ....

of .... as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth

Annual General Meeting of the Company to be held on **Tuesday, 27th April 2023** and at any adjournment thereof:

			For	Against
Resolution	1	Minutes of the Annual General Meeting of 27th April 2022	☐	☐
Resolution	2	Directors' Report and Annual Financial Statements for the year ended 31st December 2022	☐	☐
Resolution	3	Ratification of Dividend payment made on 31st October 2022	☐	☐
Resolution	4	Appointment of Auditors	☐	☐
Resolution	5	Appointment of Directors	☐	☐
Resolution	6	Ratification of Amendment of Article 3.4 of the Articles of Association	☐	☐

Unless otherwise advised, the proxy will vote as he/she thinks fit.

Signed: .... Date: ....

(Authorised Signatory)

COPPERBELT ENERGY CORPORATION PLC FORM OF PROXY

FORM 2 (CORPORATE REPRESENTATIVE)

We ....(name of Corporate Body)

of .... being a Member of

Copperbelt Energy Corporation PLC, hereby appoint ....

of ....

to act as our representative and proxy to vote on behalf of ....

(name of Corporate Body) at the Twenty-Fourth Annual General Meeting of the Company to be held on **Tuesday, 27th April 2023** and at any adjournment thereof:

			For	Against
Resolution	1	Minutes of the Annual General Meeting of 27th April 2022	☐	☐
Resolution	2	Directors' Report and Annual Financial Statements for the year ended 31st December 2022	☐	☐
Resolution	3	Ratification of Dividend payment made on 31st October 2022	☐	☐
Resolution	4	Appointment of Auditors	☐	☐
Resolution	5	Appointment of Directors	☐	☐
Resolution	6	Ratification of Amendment of Article 3.4 of the Articles of Association	☐	☐

Unless otherwise advised, the proxy will vote as he/she thinks fit.

Signed: .... Date: ....

(Authorised Signatory)

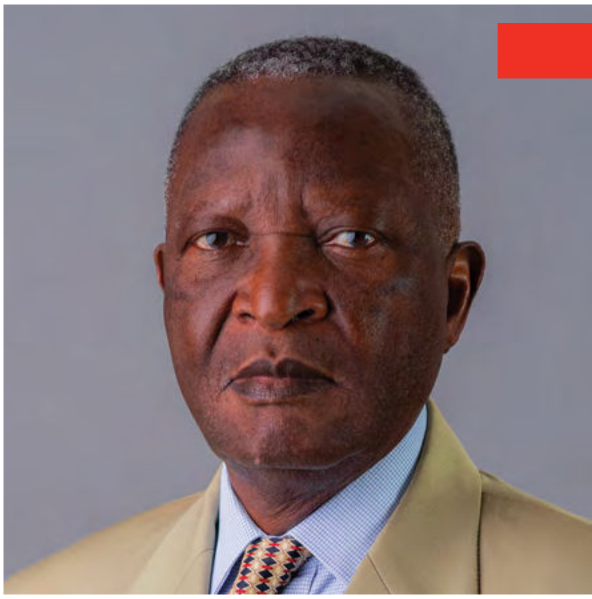
9. ANNEXURES

BOARD OF DIRECTORS

Mr. London Mwafulilwa
COMMITTEES-
EXECUTIVE, HSES, NOMINATIONS

Mr. Ronald Tamale
COMMITTEES-
EXECUTIVE, AUDIT & RISK, NOMINATIONS

Mr. Derek Chime
COMMITTEES-
HSES, REMUNERATION & EMPLOYEE DEVELOPMENT



Mr. Joe Mwansa Chisanga
COMMITTEES-
AUDIT & RISK, REMUNERATION & EMPLOYEE DEVELOPMENT

TENURE LEGEND

- TENURE 0-5 YEARS
- TENURE 5-10 YEARS
- TENURE 10-15 YEARS

Mr. Munakupya Hantuba
COMMITTEES-
EXECUTIVE, REMUNERATION &EMPLOYEE DEVELOPMENT

Mr. Thomas Featherby
COMMITTEES-
HSES, AUDIT & RISK

Dr. Patrick Nkanza
COMMITTEES-
EXECUTIVE, AUDIT & RISK

Mr. Owen Silavwe
COMMITTEES-
EXECUTIVE, REMUNERATION & EMPLOYEE DEVELOPMENT

Mr. Siyanga Malumo
COMMITTEES-
HSES, REMUNERATION & EMPLOYEE DEVELOPMENT

Mr. Arnold Milner Simwaba
COMMITTEES-
HSES, REMUNERATION & EMPLOYEE DEVELOPMENT

Mr. Tisa Chama
COMMITTEES-
HSES, REMUNERATION & EMPLOYEE DEVELOPMENT

APPOINTED TO THE BOARD 2ND MARCH 2022

Mr. Hastings Mtine
COMMITTEES-
EXECUTIVE, AUDIT & RISK, NOMINATIONS

APPOINTED TO THE BOARD 17TH OCTOBER 2022

LEADERSHIP TEAM

Mr. Owen Silavwe
Managing Director

Mr. Christopher Nthala
Chief Operating Officer

Mr. Mutale Mukuka
Chief Financial Officer

Mrs. Julia Chaila
Chief Legal Counsel/ Company Secretary

Mr. Vincent Nyirenda
Chief Projects Officer

Mr. Titus Mwandemena
Chief Commercial Officer

Mr. John Simachembele
Chief Human Resources Officer

CORPORATE DIRECTORY

Copperbelt Energy Corporation PLC

(Incorporated in the Republic of Zambia)
Registration number: 119970039070
Share code: CEC.zm
Listed: 2008
Securities exchange: LuSE
Sector: Energy

Registered office
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Nkana East
Kitwe

Corporate office
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Stand 2374 Kelvin Siwale Road
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Lusaka

Postal address
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LinkedIN: https://linkd.in/1PRD9Qi

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Precious M. Chisenga
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Julia C. Z. Chaila
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Postal address: P O Box 38956

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Kitwe
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Stanbic Bank Zambia Limited
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United Bank for Africa Zambia Limited
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ACKNOWLEDGEMENT

Ideation, structuring and overall coordination
Corporate Communication department

Design and layout
The Pixel Factory
www.thepixelfactory.net

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info@nhpp.co.zm

Copperbelt Energy Corporation PLC

Annual Report and Financial Statements
for the year ended 31st December 2022

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