

SENS ANNOUNCEMENT
(the "Notice" or "Announcement")

ISSUER



ZCCM INVESTMENTS HOLDINGS PLC ("ZCCM-IH")

[Incorporated in the Republic of Zambia]

Company registration number: 119540000771
Share Code: ZCCM-IH
ISIN: ZM0000000037
Authorized by: Charles Mjumphi – Company Secretary

SPONSOR



Stockbrokers Zambia Limited

[Founder Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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APPROVAL

The captioned Notice or Announcement has been approved by:

- i. The Lusaka Securities Exchange ("LuSE")
- ii. The Securities and Exchange Commission ("SEC")
- iii. ZCCM Investment Holdings Plc ("ZCCM-IH")

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUED: 12 April 2024



ZCCM INVESTMENTS HOLDINGS PLC

[Incorporated in the Republic of Zambia]

Company registration number: 771

Share Code: ZCCM-IH

ISIN: ZM0000000037

["ZCCM-IH" or "the Company"]

ABRIDGED PROVISIONAL UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

In compliance with the requirements of the Securities Act No. 41 of 2016, ZCCM Investments Holdings PLC ("ZCCM-IH" or "the Company") announces the provisional financial statements results of the Company and its subsidiaries (Collectively referred to as the "the Group") for the year ended 31 December 2023.

STRUCTURE OF THE ZCCM-IH GROUP

The ZCCM-IH Group consists of the following Nine (9) companies: Name	Shareholding
Mopani Copper Mine PLC	100.00%
Ndola Lime Company Limited (In liquidation)	100.00%
Kariba Minerals Limited	100.00%
Misenge Environmental and Technical Services Limited	100.00%
Mushe Milling Limited (In liquidation)	100.00%
Kabundi Resources Limited	100.00%
Limestone Resources Limited	100.00%
Investrust Bank PLC	71.40%
Zambia Gold Company Limited	51.00%

The Company also has other interests in the undernoted companies:

Name	Shareholding
Rembrandt Properties	49.00%
Central African Cement Limited	49.00%
Maamba Collieries Limited	35.00%
Copperbelt Energy Corporation PLC	31.07%
Konkola Copper Mines PLC	20.60%
Kansanshi Mining PLC	20.00%
CNMC Luanshya Copper Mines PLC	20.00%
Lubambe Copper Mines PLC	20.00%
Mingomba Mining Limited	20.00%
NFCA Africa Mining PLC	15.00%
Chibuluma Mines PLC	15.00%
Chambishi Metals PLC	15.00%
Copper Tree Mineral Limited	15.58%
Oranto Oil Block	10.00%
Nkana Alloy Smelting Company Limited	10.00%

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

	Unaudited 31 Dec 2023	Audited 31 Dec 2022
	ZMW'000	ZMW'000
Revenue	11,746,920	11,959,354
Gross (loss)	(3,648,109)	(2,598,983)
Operating (loss)	(3,168,145)	(3,325,326)
Net finance cost	(2,271,098)	(1,813,846)
Share of profit of equity accounted investees	1,922,008	1,603,143
Profit/(loss) before tax	(3,517,236)	(3,536,029)
Income tax (expense)/credit	(1,079,968)	(249,504)
Loss for the year	(4,597,203)	(3,785,533)
Earnings per share (ZMW)	(28.59)	(23.54)
Basic and diluted earnings per share (ZMW)	(28.59)	(23.54)

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

	Unaudited 31 Dec 2023	Audited 31 Dec 2022
	ZMW'000	ZMW'000
Investment income	2,128,699	4,916,309
Revenue from contracts with customers	23,180	778
Operating profit	2,615,495	4,054,286
Net finance income	2,979,315	440,763
Profit before tax	5,594,810	4,495,049
Income tax expense	(1,079,958)	(236,321)
Profit for the year	4,514,852	4,258,728
Earnings per share (ZMW)	28.08	26.48
Basic and diluted earnings per share (ZMW)	28.08	26.48

PROVISIONAL ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	31 Dec 2023	31 Dec 2022
	ZMW'000	ZMW'000
Assets		
Property, plant, and equipment	11,178,919	12,484,907
Exploration and evaluation asset	51,437	51,437
Intangible assets	3,122,950	3,148,325
Investment property	208,598	200,751
Investments in associates	10,095,344	15,174,862
Financial assets at fair value through profit or loss	3,019,500	1,252,400
Financial assets at fair value through OCI	14,259,000	
Trade and other receivables	4,477,893	2,931,539
Environmental Protection Fund	147,553	94,433
Deferred tax assets	-	122,852
Inventories	3,552,778	4,921,366
Trade and other receivables	641,527	762,831
Assets held for sale	1,248,382	2,103,761
Term deposits	4,411,330	5,340,202
Cash and cash equivalents	450,472	329,173
Total assets	56,865,683	48,918,839
Equity and liabilities		
Capital and reserves	(5,902,907)	7,908,807
Borrowings	43,518,156	27,476,859
Deferred tax liability	735,578	-
Retirement benefits	26,933	182,940
Provisions for environmental rehabilitation	1,741,652	1,221,068
Borrowings	-	864,411
Overdraft	1,095,462	688,120
Trade and other payables	12,205,870	7,451,177
Provisions	640,311	487,689
Current income tax liabilities	129,048	190,143
Retirement benefits	171,755	139,131
Liabilities associated with assets classified as held for sale	2,503,825	2,308,494
Total equity and liabilities	56,865,683	48,918,839

PROVISIONAL ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	31 Dec 2023	31 Dec 2022
	ZMW'000	ZMW'000
Assets		
Property, plant, and equipment	110,624	90,471
Intangible assets	1,690	3,377
Investment property	208,598	200,751
Investment in subsidiaries	202,283	405,051
Investments in associates	11,221,056	16,256,411
Financial assets at fair value through profit or loss	3,019,500	1,252,400
Financial assets at fair value through OCI	14,259,000	-
Trade and other receivables	4,586,471	958,162
Deferred tax assets	-	258,966
Inventories	-	16,427
Trade and other receivables	288,268	173,829
Term deposits	4,411,330	5,340,202
Cash and cash equivalents	61,137	45,586
Assets held for sale	-	145,700
Total assets	38,369,957	25,147,333
Equity and liabilities		
Capital and reserves	37,385,987	24,679,852
Deferred tax liability	599,464	-
Retirement Benefit Obligations	17,381	9,275
Provisions for environmental rehabilitation	54,498	39,357
Borrowings	-	-
Trade and other payables	78,288	121,005
Provisions	103,444	108,686
Current income tax liabilities	130,895	189,158
Total equity and liabilities	38,369,957	25,147,333

PROVISIONAL ABRIDGED GROUP STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 2023 ZMW'000	Audited 31 Dec 2022 ZMW'000
Net cash flow generated from operating activities	26,616	1,463,062
Net cash flow used from investing activities	557,275	(1,113,001)
Net cash outflow from financing activities	(310,407)	(698,833)
Decrease in cash and cash equivalents	273,484	(348,772)
Effects of translation and exchange rate changes on cash and cash equivalents	(277,193)	(68,389)
Cash and cash equivalents at the beginning of the year	(81,060)	336,101
	(84,769)	(81,060)
Included in the statement of financial position	(644,990)	(358,947)
Included in assets held for sale	560,221	277,887
	(84,769)	(81,060)

PROVISIONAL ABRIDGED COMPANY STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 2023 ZMW'000	Audited 31 Dec 2022 ZMW'000
Net cash flows from operating activities	(357,541)	4,766,330
Net cash flows used in investing activities	368,821	(4,761,256)
Net cash flows used in financing activities	-	(1,135)
Decreased in cash and cash equivalents	11,280	3,939
Effect of movement in exchange rates on cash held	4,271	(39,851)
Cash and cash equivalents at the beginning of the year	45,586	81,498
Cash and cash equivalents at the end of the period	61,137	45,586

PROVISIONAL ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited	Audited
	31 Dec 2023	31 Dec 2022
	ZMW'000	ZMW'000
Balance at 1 Jan	7,908,807	12,808,905
Loss for the year	(4,597,204)	(3,785,533)
Other comprehensive income	(8,490,903)	(1,029,340)
Dividend paid	(723,608)	(85,225)
Balance at 31 Dec	<u>(5,902,908)</u>	<u>7,908,807</u>

PROVISIONAL ABRIDGED COMPANY STATEMENT OF CHANGES IN EQUITY

	Unaudited	Audited
	31 Dec	31 Dec
	2023	2022
	ZMW'000	ZMW'000
Balance at 1 Jan	24,679,852	24,732,194
Profit for the year	4,514,852	4,258,728
Other comprehensive income	8,914,891	(3,225,845)
Dividend paid	(723,608)	(85,225)
Balance at 31 Dec	<u>37,385,987</u>	<u>24,679,852</u>

1. FINANCIAL PERFORMANCE

The Group's financial performance has experienced a downturn, with an increased post-tax loss from ZMW3,786 million (US\$222 million) in 2022 to ZMW4,597 million (US\$224 million) in 2023, primarily due to the persistent underperformance of our subsidiary, Mopani Copper Mine Plc (Mopani). Mopani's operations have negatively impacted the Group, contributing a substantial loss of ZMW9.2 billion (US\$449.46 million) this year.

The performance of Mopani was on account of lower copper production of 65,602 tons (2022: 72,694 ton). The lower production experienced in this year was mainly due to low equipment availability, and limited ore sources to mine due to delayed development. Mopani's future growth prospects hinges on its planned completion and commissioning of expansion capital projects. The Company has planned for a ramped-up production profile as these projects are expected to be commissioned to full capacity by 2027. Refer to section 2 (i) of this report for details.

Despite the challenges, the Group saw an upward trend in total assets, increasing from ZMW48.92 billion (US\$2.8 billion) in 2022 to ZMW56.87 billion (US\$2.21 billion) in 2023. However, when measured in US dollars, there was a decrease in total assets compared to the previous year, a consequence of the Kwacha's depreciation against the US Dollar.

Liabilities escalated significantly from ZMW41.0 billion in 2022 to ZMW62.8 billion in 2023, largely due to an outstanding interest on a US\$1.5 billion loan provided to Mopani by Glencore and the exchange losses incurred from the Kwacha's devaluation over the year.

The Group's retained earnings as of December 31, 2023, were in a deficit of ZMW16.88 billion (US\$655.78 million negative), worsened from the previous year's ZMW11.44 billion negative (US\$561.56 million negative). This decline in retained earnings is linked to the Group's increased losses, which rose to ZMW4,597 million (US\$224 million) in 2023 from ZMW3,786 million (US\$222 million) in 2022.

Contrasting the Group's overall performance, the Company itself reported a positive outcome, with profits rising to ZMW4.51 billion (US\$219.98 million) in 2023 from ZMW4.25 billion (US\$249.78 million) in the preceding year, showcasing resilience amidst broader financial challenges within the Group.

2. KEY OPERATIONS AND STRATEGIC DEVELOPMENTS

(i) Mopani Copper Mines PLC ("MCM")

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

Statement of Profit and Loss and Other Comprehensive - Mopani Copper Mine Plc

ZMW'000	2023	2022
Revenue	11,552,419	11,854,038
Gross loss	(3,823,174)	(2,711,461)
Operating loss	(4,641,984)	(2,814,464)
Net finance cost	(4,616,657)	(2,238,476)
Loss before tax	(9,258,641)	(5,052,940)
Loss for the year	(9,258,641)	(5,052,940)

Statement of Financial Position - Mopani Copper Mine Plc

	2023 ZMW'000	2022 ZMW'000
Property, plant, and equipment	14,046,652	15,384,497
Inventories	3,489,128	4,836,680
Trade and other receivables	3,137,546	2,616,620
Environmental Protection Fund	147,553	94,433
Cash and cash equivalents	58,367	159,584
Total assets	20,879,246	23,091,814
Equity and liabilities		
Capital and reserves	(40,874,301)	(14,981,992)
Borrowings	46,294,653	28,341,270
Trade and other payables	12,024,439	7,245,750
Bank overdraft	1,095,462	678,900
Retirement benefits	181,307	312,796
Provisions	536,867	376,431
Provisions for environmental rehabilitation	1,620,819	1,118,659
Total equity and liabilities	20,879,246	23,091,814

As we reflect on the fiscal year 2023, it's essential to address the challenges and strategic developments that have shaped our journey. Mopani Copper Mines plc (MCM), a significant part of our portfolio, recorded a loss of ZMW 9.25 billion (US\$451.11 million), a marked increase from the previous year's ZMW 5.05 billion loss (US\$296.36 million loss). This was primarily due to decreased copper production, which fell from 72,694 tons in 2022 to 65,602 tons in 2023. Key factors contributing to this downturn included limited equipment availability, delayed development affecting ore sources, and multiple outages at our fixed plants across all shafts.

In response to these challenges, our total capital expenditure for the year was US\$35 million, focused on sustaining and expanding projects to ensure future growth. Despite these hurdles, we are committed to improving our operational efficiency and production capacity. To this end, we have outlined Mopani's expansion capital projects, with full commissioning expected by 2027, aimed at significantly enhancing Mopani's production profile.

After the year end, a significant development was recorded at an extraordinary meeting held on 23 February 2024, where shareholders approved a strategic investment by International Resources Holding Limited (IRH) through its subsidiary, Delta Mining Limited, acquiring a 51% interest in Mopani. This US\$1.1 billion investment comprises US\$620 million in new equity capital and US\$ 400 million shareholder loans. This transaction, aligned with our strategic focus, promises to bolster Mopani's financial and operational resilience.

The investment by IRH is structured to address and streamline Mopani's financial obligations effectively. Key steps include Delta subscribing to new shares, resulting in a significant capital infusion of US\$ 620 million, and a comprehensive strategy to manage existing Glencore debts, including repayment plans and the termination of previous off-take agreements. This investment will ensure Mopani's stable growth moving forward.

(ii) Kansanshi Royalty Model

At an Extraordinary General Meeting ("EGM") held 31st March 2023, the shareholders of ZCCM-IH approved an agreement for a royalty transaction between ZCCM-IH and First Quantum Minerals Limited. The transaction involved ZCCM-IH's conversion of its 20% equity interest in Kansanshi Mining Plc into a 3.1% life of mine royalty. The transaction also provides for 20% of the KMP VAT refunds as at June 30, 2022, to be paid to ZCCM-IH, as and when these are received by KMP from the ZRA. Accordingly, the ZCCM-IH's 3.1% life of mine royalty has been reclassified as financial asset held at fair value through profit or loss.

To date, ZCCM-IH has recorded total royalty income and VAT refund of ZMW1.2 billion (US\$ 58.48 million) and ZMW170.74 million (US\$8.32 million) respectively.

(iii) Shareholding increase in Copperbelt Energy Corporation Plc ("CEC")

During the period under review ZCCM-IH increased its shareholding in Copperbelt Energy Corporation Plc ("CEC") from 24.1% held since 2018, to 31.07%. The increase was influenced by our strategic drive to maximize shareholder value in profitable and viable ventures; coupled with the confidence we have in CEC's projected business growth arising from its expansion into renewable energy.

(iv) **Konkola Copper Mines Plc ("KCM")**

ZCCM-IH and Vedanta Resources Group have agreed to reset the relationship which resulted in the execution of an Implementation Agreement, and a New Shareholders Agreement on 6th November 2023. Subsequently, the parties entered into a Global Settlement Agreement which effectively resolved all disputes between the parties. The legal processes to withdraw the winding up petition in the Zambian Courts and the Arbitration proceedings in South Africa are still in progress.

(v) **Mingomba Mining Limited ("MML")**

Mingomba Mining Limited is a partnership between Mingomba Holdings Limited 52%, EMR Capital, 28%, and ZCCM-IH, 20%. MML was established in 2023 and is currently undertaking a drilling program in the Mingomba license area in Chililabombwe, a tenement close to the Konkola Copper Mine ("KCM") and the Democratic Republic of Congo border area which was previously a part of the Lubambe mine license area.

So far, Kobold has drilled a total of about 32,322 meters in sixteen drill holes as at end of December 2023. Kobold is using Artificial Intelligence ("A.I.") computer-based techniques in the exploration process, which will help fast track the process to orebody definition and thereafter, mine development.

(vi) **Investrust Bank Plc**

ZCCM Investment Holdings Plc ("ZCCM-IH") holds a 71.4% stake in Investrust Bank Plc ("Investrust"). On 2 April 2024, the Bank of Zambia announced its takeover of Investrust, effective immediately. Concurrently, the Lusaka Securities Exchange (LuSE) suspended trading of Investrust shares starting 3 April 2024. ZCCM-IH is monitoring the situation and will update stakeholders on significant developments.

3. **OUTLOOK**

ZCCM-IH continues to position itself to pursue more opportunities in the mining sector. As per ZCCM-IH strategy, which is focused on mining and mining related investments, the Company will continue to seek mutually beneficial partnership that will benefit the Zambian people.

By Order of the Board

Charles Mjumphi

Issued in Lusaka, Zambia on 12 April 2024

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First Issued on 12 April 2024

APPENDICES

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

	Unaudited 31 Dec 2023	Audited 31 Dec 2022
	US\$'000	US\$'000
Revenue	572,347	701,428
Gross (loss)	(177,747)	(152,434)
Operating (loss)	(154,361)	(195,035)
Net finance income	(110,655)	(106,384)
Share of profit of equity accounted investees	93,646	94,026
(Loss) before tax	(171,370)	(207,393)
Income tax (expense) /credit	(52,619)	(14,634)
(Loss)/profit for the year	(223,989)	(222,027)
Earnings per share (US\$)	(1.39)	(1.38)
Basic and diluted earnings per share (US\$)	(1.39)	(1.38)

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

	Unaudited 31 Dec 2023	Audited 31 Dec 2022
	US\$'000	US\$'000
Investment income	103,717	288,347
Revenue from contracts with customers	1,129	46
Operating profit	127,435	237,788
Net finance income	145,162	25,851
Profit before tax	272,597	263,639
Income tax credit/(expense)	(52,619)	(13,860)
Profit for the year	219,978	249,779
Earnings per share (US\$)	1.37	1.55
Basic and diluted earnings per share (US\$)	1.37	1.55

US DOLLAR ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	31 Dec 2023	31 Dec 2022
	US\$'000	US\$'000
Assets		
Property, plant, and equipment	434,192	756,962
Exploration and evaluation asset	1,998	2,767
Intangible assets	121,296	189,407
Investment property	8,102	11,120
Investments in associates	392,105	840,596
Financial assets at fair value through profit or loss	117,278	69,375
Financial assets at fair value through OCI	553,823	-
Trade and other receivables	173,922	162,390
Environmental Protection Fund	5,731	5,231
Deferred tax assets	-	6,805
Inventories	137,991	295,855
Trade and other receivables	24,917	42,256
Term deposits	171,337	295,815
Cash and cash equivalents	17,496	18,234
Assets held for sale	48,487	116,536
Total assets	2,208,675	2,813,349
Equity and liabilities		
Capital and reserves	(229,272)	541,639
Borrowings	1,690,255	1,522,053
Deferred tax liabilities	28,570	-
Retirement benefits	1,046	10,134
Provisions for environmental rehabilitation	67,646	67,640
Bank overdraft	42,548	38,118
Borrowings	-	47,883
Trade and other payables	474,079	412,750
Provisions	24,870	27,015
Current tax liabilities	5,013	10,533
Retirement benefits	6,671	7,707
Liabilities directly associated with assets classified as held for sale	97,249	127,877
Total equity and liabilities	2,208,675	2,813,349

US DOLLAR ABRIDGED COMPANY STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2023 US\$'000	Audited 31 Dec 2022 US\$'000
Assets		
Property, plant, and equipment	4,297	7,408
Intangible assets	67	198
Investment property	8,102	11,120
Investments in subsidiaries	7,857	22,437
Investments in associates	435,828	900,507
Financial assets at fair value through profit or loss	117,278	69,375
Financial assets at fair value through OCI	553,823	
Trade and other receivables	178,140	53,076
Deferred tax assets	-	14,345
Inventory	-	830
Trade and other receivables	11,196	9,629
Term deposits	171,337	295,815
Cash and cash equivalents	2,375	2,525
Assets held for sale	-	8,071
Total assets	1,490,300	1,395,336
Equity and liabilities		
Capital and reserves	1,452,082	1,369,440
Deferred tax assets	23,283	-
Retirement benefits	675	514
Provisions for environmental rehabilitation	2,117	2,180
Trade and other payables	3,041	6,703
Provisions	4,018	6,021
Current tax liabilities	5,084	10,478
Total equity and liabilities	1,490,300	1,395,336

* The Statement of Financial Position has been translated using the rate of K25.75/US\$.