ZCCM-IH

ZCCM INVESTMENTS HOLDINGS PLC

INTEGRATED ANNUAL REPORT

For the year ended 31st December 2022

Investing SMARTLY

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ABOUT THIS REPORT

The Integrated Annual Report for the year ended 31 December 2022 provides a holistic view of ZCCM Investments Holdings Plc ("the Company or ZCCM-IH") and its subsidiaries ("the Group") business model, how the Company is managed and how it manages its investment portfolio. This report therefore provides a complete analysis of our business to satisfy the information needs of key stakeholders that will use the Integrated Report. The information presented aims to provide our various stakeholders with a good understanding of the financial, human, social, environmental and economic impacts of ZCCM-IH to enable them to evaluate our ability to create sustainable value for our stakeholders.

FRAMEWORK

The Financial Statements set out on in the Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS). Our Integrated Report is prepared in accordance with the Zambia Companies Act and the listing requirements of the three stock markets on which ZCCM-IH is listed namely: Primary market – Lusaka Securities Exchange, and Secondary markets – Paris Euronext Access and London Stock Exchange.

SCOPE AND BOUNDARY

This report outlines who we are, what we do and how we create value, providing insights into our structure, strategy, objectives, performance, governance, and future viability. The report provides an overview of the operations and performance of all businesses in which ZCCM-IH is invested. The scope of this report relates to ZCCM-IH as an investment holding Company and as a Group encompassing its subsidiaries and associate investee Companies activities and material matters arising from its investment activities. Material developments beyond the reporting period up to the date of publishing of this report have been included.

MATERIALITY

This report provides information on all those matters that we believe could substantively affect value creation at ZCCM-IH. Written primarily for current and prospective investors, the report is of interest to any stakeholder who wishes to make an informed assessment of ZCCM-IH's ability to create value over time. This report presents the identified material information through a clearly structured narrative. Additional information not material for this report, but of interest for other purposes, are provided on our website.

Value over time. This report presents the identified material information through a clearly structured narrative. Additional information not material for this report, but of interest for other purposes, are provided on our website.

ABOUT US

ZCCM Investments Holdings Plc (ZCCM-IH) is a premier diversified mining investment and operations Company, with significant and focused interests in Zambia's mining and energy sectors. The Group's portfolio commodity mix includes copper, gold, amethyst, manganese, limestone, coal and electric power energy. The shareholding structure is as follows: the Industrial Development Corporation Ltd (IDC) holds 60.3%, Government of the Republic of Zambia (GRZ) holds 17.3%, National Pension Scheme Authority (NAPSA) holds 15% and the remaining 7.4% is held by private investors. The geographical spread of the minority shareholders, who number over 4,000, cover countries in Europe, Africa, the Caribbean, Australia, Asia and the USA.

IDC	GRZ	NAPSA	PRIVATE INVESTORS
60.3%	17.3%	15%	7.4%

The Company has a primary listing on the Lusaka Securities Exchange, and secondary listings on the – Euronext Access Paris and London Stock Exchange under ISIN number ZM0000000037 on all listings.

OUR VISION

"To be a world class investment holding Company with a focus on mining".

This vision's underlining aspiration of being world class entails that:

- Our global competitiveness edge is driven by our value propositions, extensive and deep industry knowledge and technical expertise in mining, financial and investment management;
- We uphold the highest institutional standards in Environmental, Social and Governance principles and Transparency; and that,
- We have a resilient organisational structure that thrives on a high-performance culture that has exceptional employee skill sets and talent management practices.

OUR MISSION

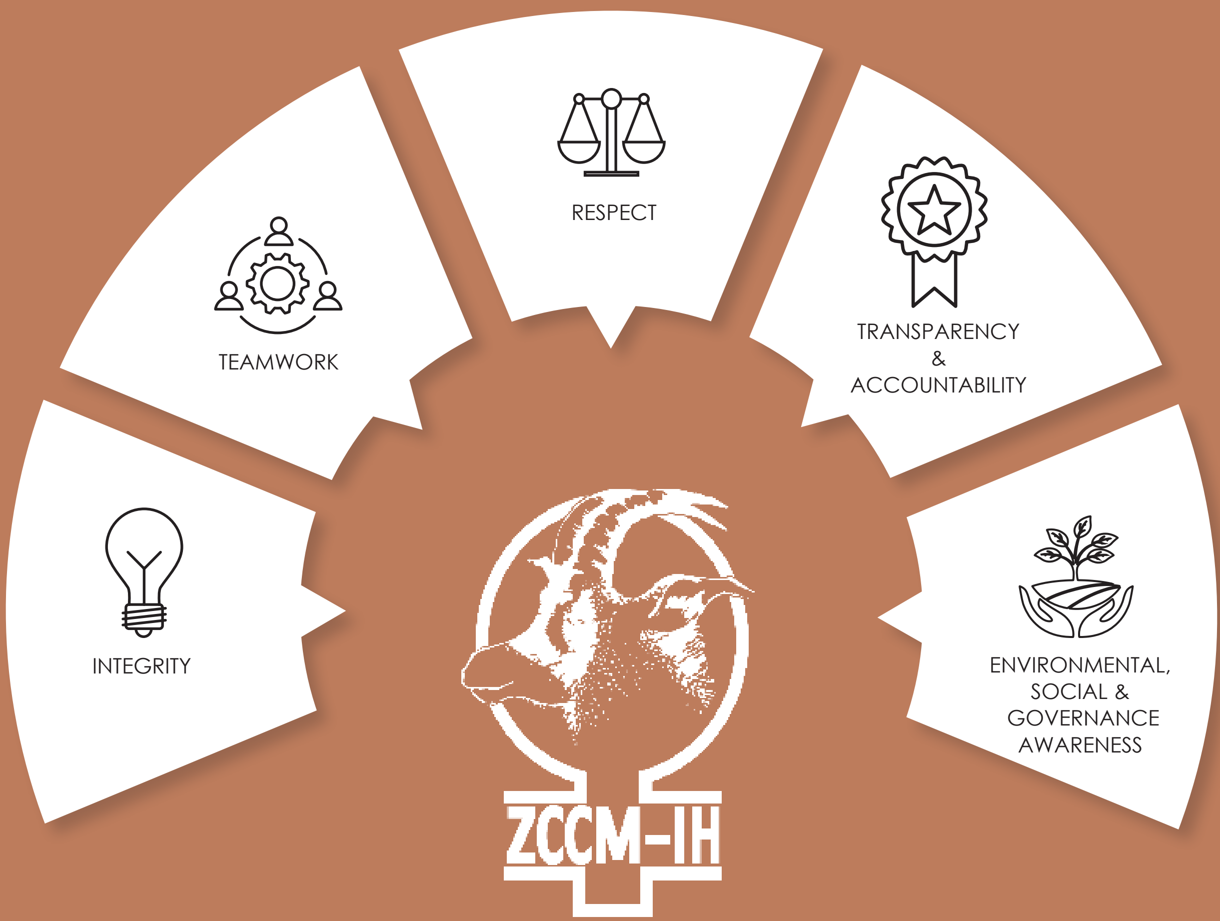
"To be a transformative Company with an investment agenda that benefits all our stakeholders".

- The underlining and fundamental aspect of our mission is transformation. This entails that: Our strategy is informed by ambition that is focused, innovative, agile and adaptable to the changing environment;
- We are driven by creating and maximising value through value addition and beneficiation of commodities within our portfolio; and,
- We build sustainability in all aspects through commodity diversification that will lead to sustained business growth.

ABOUT US (continued)

OUR VALUES

Our vision and mission are espoused and supported by our core values which are deeply ingrained principles guiding all of our Company's actions. The following values serve as our corporate cultural cornerstones:



ABOUT US (continued)

OUR INVESTMENTS

S/N	ASSET NAME	% INTEREST	PRODUCT/SERVICE	STATUS
1	Mopani Copper Mines Plc	100	Copper cathode and anode slimes	Operational
2	Limestone Resources Ltd	100	Supplier of limestone products	Operational
3	Ndola Lime Company	100	Supplier of limestone products	Winding up
4	Nkandabwe Coal Mine Ltd	100	Coal Mining	Winding up
5	Misenge Environmental and Technical Services Ltd	100	Services to the mining sector	Operational
6	Kariba Minerals Ltd	100	Amethyst Mine	Operational
7	Mushe Milling Ltd (in liquidation)	100	Milling	Operational
8	Kabundi Resources Ltd	100	Manganese Mining	Development
9	Investrust Bank Plc	71.4	Commercial bank	Operational
10	Zambia Gold Company Ltd	51	Gold Mining, Exploration and Trading	Development/ Exploration
11	Central African Cement Ltd	49	Cement and Thermal power energy	Development
12	Rembrandt Properties Ltd	49	Real Estate	Development
13	Consolidated Gold Company Ltd	45	Gold Processing	Operational
14	Maamba Collieries Limited	35	Supplier of coal and generator of 300Mw thermal power	Operational
15	Copperbelt Energy Corporation Plc	24.1	Distribution network to large-scale copper mines on the Copperbelt in Zambia	Operational
16	Konkola Copper Mines Plc (in liquidation)	20.6	Copper cathode, copper-cobalt alloys and anode slimes	Operational
17	CNMC Luanshya Copper Mines Plc	20	Copper concentrates and copper cathode	Operational
18	Kansanshi Mine Plc	20	Copper concentrate, smelter, Copper anode, copper cathode and Gold Dore	Operational
19	Lubambe Copper Mine Plc	20	Copper concentrates	Operational
20	Copper Tree Minerals Limited	15.6	Copper cathode	Development
21	NFCA Africa Mining Plc	15	Copper concentrates	Operational
22	Chibuluma Mines Plc	15	Copper concentrates	Operational
23	Chambishi Metals Plc	10	Copper cathode and cobalt metal Processing	Care and maintenance
24	Oranto Petroleum Limited	10	Oil and gas	Exploration

ABOUT US (continued)

OUR INVESTMENTS*(continued)*

List of investments as per sector:

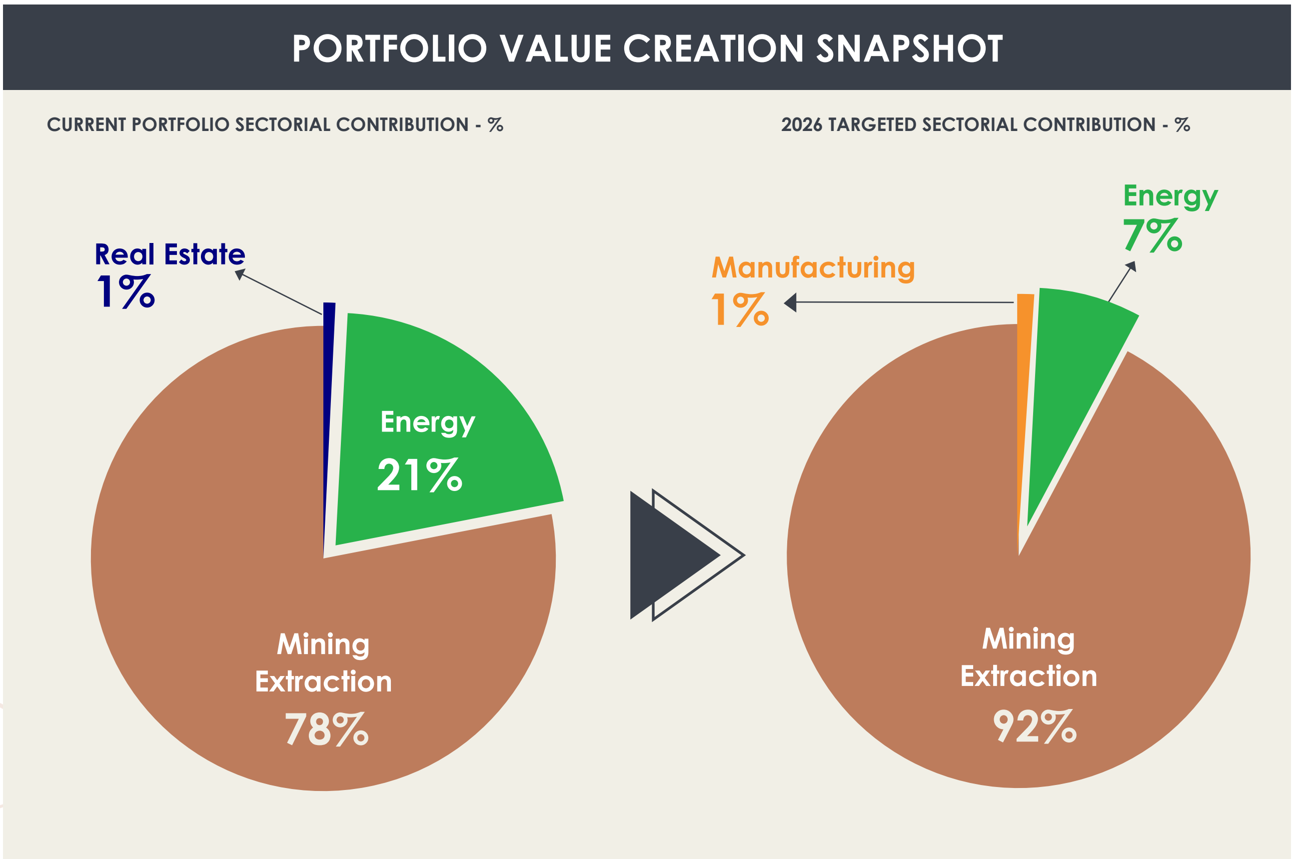
ZCCM - IH

Mining Assets	Technical Services	Manufacturing/ Processing	Financial Services	Real Estate	Energy Assets
Mopani Copper Mines Plc Limestone Resources Ltd Ndola Lime Company Ltd Nkandabwe Coal Mine Chibuluma Mines Plc CNMC Luanshya Copper Mines Plc Kansanshi Mine Plc Konkola Copper Mines Plc Lubambe Copper Mine Plc Kariba Minerals Ltd NFCA Africa Mining Plc Kabundi Resources Ltd Zambia Gold Company Ltd Lubambe Copper Mine Plc Copper Tree Minerals Limited	Misenge Environmental and Technical Services Ltd	Consolidated Gold Company Ltd. Chambishi Metals Plc Mushe Milling Ltd Central African Cement Limited	Investrust Bank Plc	Rembrandt Properties Ltd	Maamba Collieries Limited Copperbelt Energy Corporation Plc Oranto Petroleum Ltd

ABOUT US (continued)

OUR INVESTMENTS(CONTINUED)

The current portfolio as per sectoral investment value contribution is illustrated in the figure below; The pie chart's further show the direction the Company intends to take as per Strategic Plan 2020-2026 to extract value through diversification (into other minerals) of its current Portfolio.



ABOUT US *(continued)*

OUR INVESTMENTS*(continued)*

COMPANY	INTEREST(%)	VALUE CREATION
Mopani Copper Mines Plc	100	• ZCCM-IH engaged Rothschild & Co South Africa (Pty) Ltd ("Rothschild & Co") to assist with the strategic review of Mopani for the purposes of sustainability, expansion and growth. • Provided Corporate Guarantee of up to US$45 million for Mopani's working capital facilities. • Successfully completed the 45-day bi-annual smelter shutdown in September 2022 for maintenance, refurbishment of critical components and replacement of refractory bricks.
Limestone Resources Ltd	100	• Provided capital support to restart operations of Vertical Kiln number 2. • Was able to bring back customers lost during period of non-production. • Won a competitive public tender to supply lime products to all of CNMC's Group companies. • Continued to improve the technical and financial performance of the company.
Misenge Environmental and Technical Services Ltd	100	• Provided ZMW45.323 million equity recapitalisation to purchase new equipment and ramp up business development function to take on new client base and raise revenue streams from its various business units. • Proactively monitoring ZCCM-IH's historical environmental statutory obligations. • Commenced accreditation process to enhance quality of analytical services offered
Kariba Minerals Ltd	100	• Amethyst Mining and value addition by making jewellery. • Successfully conducted ISO 9001:2015 training for supervisors in production, procurement, sales and marketing. • Upgraded the KML website to include integration of the online sales, new look and feel, improved corporate social responsibility reports. • Commenced processing of tumbled amethyst through the Gemstone Lapidary Centre in Ndola. • Completed construction of retail outlet at the new Kenneth Kaunda International Airport. The flagship store was opened in the last quarter of 2022.
Mushe Milling Ltd	100	• Provided working capital support during the year to assist the Company navigate through a challenging operating environment. ZCCM-IH's plans to divest from this investment are still underway.
Kabundi Resources Ltd	100	• Commenced own mining operations aimed at boosting revenue. • Continued to engage local artisanal mining cooperatives to partner in mining activities. • Produced a total of 14,098 tonnes of manganese in 2022. • Secured additional funding from shareholder to expand exploration activities and acquire mining equipment.

ABOUT US *(continued)*

OUR INVESTMENTS *(continued)*

COMPANY	INTEREST(%)	VALUE CREATION
Zambia Gold Company Ltd (ZGC)	51	• Demonstrated ability to drive business growth through portfolio synergies. • Sold 62.02 Kg of gold dore to Bank of Zambia in 2021 with no sales recorded in 2022. • The suspension of mining operations at Kasenseli in October 2021 and throughout 2022 have affected the business as follows: a. No gold production with Kasenseli being the main source of gold production. b. No sales to Bank of Zambia as the offtake agreement was put on hold due to the suspension. c. No exploration advancement at Kasenseli • ZGC is still engaging all stakeholders to facilitate the opening of the mine in 2023 financial year. • ZGC continues to explore its Rufunsa licence to increase sources of gold production. • ZGC continues to partner with third party licence holder for exploration and development activities.
Rembrandt Properties Ltd	49	• The hotel opened softly to the general public on 1st June 2022 with conferences and the restaurant all kicking off at the same time as the hotel commenced operations. • The project is more than 95% complete, and since September 2022, the Tenant (Urban Hotel Lusaka) has been grossing an average of ZMW2.5 million from operating the property. • Loan with ZANACO has been sanitized after ZCCM-IH made good on the called guarantee after default by Rembrandt. • Improved economic sentiment promises to anchor sustainability, though credit default risk continues to be a huge downside.
Maamba Collieries Limited	35	• Arbitral Tribunal (London) issued the Consent Award to MCL on 13th December 2022, which will see ZESCO pay US$447 million to Maamba by 31st August 2023. • ZESCO have demonstrated commitment to repaying the outstanding arrears, having paid US$29million in December 2022 in addition to US$750k monthly.
Copperbelt Energy Corporation Plc	24.1	• Since the signing of the New Bulk Supply Agreement with ZESCO, CEC's performance has continued to improve. • Recorded a Profit after tax of ZMW 866.4 million (US$46.6 million.) • Set groundwork to expand its renewable energy business unit consisting of hydroelectric, solar and biodiesel energy. • Completed its flagship 33MW solar PV generation plant in Kitwe. • The share price closed the year at ZMW3.78 from an opening price of ZMW2.65.

ABOUT US *(continued)*

OUR INVESTMENTS *(continued)*

COMPANY	INTEREST(%)	VALUE CREATION
Konkola Copper Mines Plc	20.6	• Assisted with sustainability of the mine's operations by facilitating funding initiatives.
CNMC Luanshya Copper Mines Plc	20	• Produced 55,598 tonnes of copper in 2022 compared to 57,223 tonnes of copper output in 2021. • Paid an interim dividend of US$40 million in 2022 due to improved profitability. • Exploring its mining sites so as to increase its depleting life of mine
NFC Mining Africa Plc	15	• Produced 67,559 tonnes of copper output in 2022. • Retained earnings continued to be positive following the completion of the Southeast Ore Body (SEOB).
Kansanshi Mining Plc	20	• Negotiated the conversion of ZCCM-IH's dividend rights to royalty rights with predictable and stable cashflows • Paid dividends of US$243 million during the year to shareholders. • Advanced plans to commence execution of the S3 expansion project to maintain and increase production given the declining ore grades. • Announced plans to set up new solar power generating infrastructure to supplement load base and reduce total energy costs
Lubambe Copper Mine Ltd	20	• Announced Kobold US$ 150 million investment in Lubambe for exploration on the high value Extension project and for operations expected to be completed in Q1 of 2023 • The extension project shall be transferred into a licence with ZCCM-IH still returning 20% in both existing and new licence for the extension project area. This transaction was completed subsequent to the year end. • Produced 17,310 tonnes in payable copper against a budget of 20,955
Chibuluma Mines Plc	15	• Effectively under care and maintenance with Lian Chao and Yue Ventures Limited (LC&Y) mining on behalf of Chibuluma • Royalties continue to be paid by LC&Y to Chibuluma throughout 2022 • The company received a total of US$0.26 million in royalty revenue against a budget of US$0.23 Million. • Third party pursuing exploration that use advanced technology in exploration to obtain value on its depleted ore resources

ABOUT US *(continued)*

OUR STRATEGY AND KPIs

The year ended 31 December 2022 marked the third year of our six-year (2020 – 2026) strategy period (SP). The key pillars underpinning ZCCM-IH SP period and performance progress as at 31 December 2022 are set out below:

Table: 2020 – 2026 Strategic pillars

S/N	STRATEGIC GOAL/PILLAR	KEY TARGETS	PERFORMANCE PROGRESS
1	Extract, and where possible, add value to our current portfolio	• Income growth of ZMW 1,117.4 million annually	• Recorded total income of ZMW5,451million in 2022*.
2	Investment in greenfield and brown-field mining and mining related ventures across a diverse range of minerals.	• Commodity diversification to include cobalt, gold, manganese and other base metals, gemstones, limestone,phosphate and rare earth minerals; • Value addition downstream and exploration upstream; and • Energy – to support sustainability of mining operations.	• Increased exploration investment and expenditure to ZMW18.89 million in 2022 from ZMW5.7 million in 2021. • Kariba Minerals Ltd processing high grade amethyst into jewellery.
3	Achieve operational and financial excellence	• Portfolio return (NAV growth) above the higher benchmark or 40%; and • Operating costs to be below: 40% of total Income*	• NAV per share movement was ZMW 153.8 in 2021 to ZMW153.5 in 2022. • Operating costs were maintained at 7.5% of total income in 2022.
4	Generate greater shareholder value by ensuring price discovery on our stock exchange listings	• Improve liquidity of ZCCM-IH shares by 20% annually across the 3 stock listings: and • Consistency in dividend pay-outs to shareholders with a dividend pay-out ratio of 35%.	• Initiated process to migrate from Access to Growth Platform on the Euronext Stock Exchange to promote liquidity for shareholders. • Proactive steps taken to enhance stakeholder engagement. • Boosted ZCCM-IH visibility both local and globally. • Total dividend of ZMW387 million and ZMW336 million declared for 2022 and 2021 respectively.

*Total income comprises revenue from contracts with customers, other income, investment income and finance income for the company.

FY 2022 GROUP PERFORMANCE HIGHLIGHTS

Revenue
ZMW12.0 billion

Net Loss
-ZMW3.8 billion
Loss for this year

ROA
-7.7%

EPS
-ZMW23.54

RETURNS	31-Mar-18	31-Mar-19	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Total Returns (ZMW Mn)	926	2,458	1,605	8,428	-8,144	-4,815
Return on Opening Equity (%)	12%	28%	15%	67%	-38.8%	-37.61%
Earnings per share (ZMW)	5.25	2.79	1.91	13.91	-78.19	-23.54
FINANCIAL POSITION						
Total Assets (ZMW Mn)	10,332	13,412	15,248	23,296	46,818	48,919
Net Asset Value (ZMW Mn)	8,940	11,025	12,630	21,004	12,809	7,909
NAV Per Share ZMW	55.6	68.56	78.54	130.62	79.66	49.18
Current Ratio	1.67	0.9	0.83	1.17	1.25	1.11
Cash and Cash Equivalents (ZMW Mn)	339	74	57	181	185	329
GEARING						
Debt (ZMW Mn)	134	104	-	171	25,414	29,029
Debt to equity %	1.50%	0.94%	0.00%	0.81%	66.49%	78.59%
Net Cash (Debt) to Equity %	0%	0.30%	0.00%	0.00%	66.33%	78.40%

ABOUT US *(continued)*

FY 2022 GROUP PERFORMANCE HIGHLIGHTS (CONTINUED)

Dividend policy

During its 78th Meeting held on 29 March 2018, the ZCCM-IH Board amended the Company Dividend Policy and remained in effect. The ZCCM-IH Policy now states that the Company may pay a minimum of 35% of the unconsolidated Net Profit after Tax (NPAT) for any financial year in which a positive unconsolidated NPAT was recorded. In addition the policy states that all dividends declarations will consider the companies Free Cash Flows and Investments needs.

The following table shows the Company's historical dividend declaration;

Year	Dividend Declared ZMW Per Share	Total Dividend
2022 Dec	2.41	ZMW387 million
2021 Dec	2.09	ZMW336 million
2020 Dec	0.53	ZMW 85 million
2019 Dec	0.33	ZMW 53 million
2019 March	0.33	ZMW 53 million
2018 March	0.61	ZMW 98 million
2017 March	0.84	ZMW 135 million
2015 March	1.56	ZMW 251 million

ABOUT US *(continued)*

OUR OPERATING ENVIRONMENT

Global Economy

Forecasting institutions have retained relatively positive growth estimates for 2022, mainly based on better performance in the first half of the year; estimates for 2023 were also made less dire. In its latest Economic Outlook report (November), the OECD, for example, estimates 3.1% global GDP growth in 2022 and 2.2% in 2023. The year further signalled new hope for global growth following 2021's coronavirus caused downturn. This was tied to the development and widespread deployment of COVID-19 vaccines and collective effort by citizens and stakeholders to voluntarily get vaccinated. Furthermore, majority of the developed countries in the EU, Asia, US and Australia officially reopened their borders for business and re-declared the virus from "pandemic to endemic" status. The year further marked a seminal moment on the global markets despite the rise of new variants by the speed at which Western Countries could produce, obtain, and ship out Vaccines to the more vulnerable countries.

High energy prices and supply chain bottlenecks spurred on record high inflation. The pandemic continued to reinforce the importance of environmental, social, and governance engagement, and this year marked a seminal moment on the pathway to net zero. This was shown by the reaffirmation of the Paris Agreement by 200 countries at The UN Climate Change Conference in Glasgow (COP26). The objective around the mining sector is to achieve a 'Net Zero' carbon emission by 2050 by increasing the supply of Base Metals such as Copper, cobalt and lithium. This will enable a sustainable transition of energy requirements from the current traditional forms of energy sources (coal and oil) to renewable sources such as solar, wind, and hydro powered hybrid models.

The London Metals Exchange (LME) three month or 3M Copper, reported a closing price of US$8,372 per tonne as at 30th December 2022. In China, the loosening of COVID-19 restrictions, along with additional support to the property market, has buoyed sentiment and is expected to lift refined copper demand going into 2023. Mined copper output from Latin America remains disrupted by environmental, social and governance issues, but with smelters in China entering an extended period of care and maintenance, we expect a concentrate surplus of 233,000 tonnes in 2023.

Gold was the most popular asset of 2022 in the midst of the turbulence caused by the war in Ukraine, historic inflation and high interest rate hikes. Gold helped investors to limit their losses for the year to about 1.5%, compared with >19% for the S & P 500 index and 10% for US Government Bonds. In December, gold reached a 6-month high. Chinese imports of Russian gold jumped up to a 5 year high as Beijing seeks to reduce its dependence on the US dollar. The price received further support towards the end of the month as the dollar weakened. The DRC announced plans to formalize the artisanal mining sector and intends to build a refinery in Bukavu in 2023 and also signed an agreement with the UAE, where most of the gold ends up, after being smuggled through Rwanda and Uganda. China increased its gold holdings by 32tonne in November, its first increase in 3 years, to a total holding of 1,980tonne.

The near-term picture for the U.S. economy is mixed, as softer inflation in November was met with declining manufacturing activity. Purchasing mangers' indexes dipped into contractionary territory for the first time since May 2020, and non-farm payrolls increased against expectations. Following the December Federal Open Market Committee meeting, Chairman Jerome Powell signaled that interest rates will rise further in 2023 and remain high for longer, as the Fed targets an eventual 2% inflation rate. This heightens the risk of a recession in 2023, with a possible rise in unemployment set to test the Fed's resolve to stick to its inflation target. We nevertheless forecast U.S. refined copper demand growth for 2023 at 1.5%, due to renewable energy deployment and near-sourced electric vehicle manufacturing, as supported by the Inflation Reduction Act, which was signed in August.

ABOUT US *(continued)*

OUR OPERATING ENVIRONMENT *(continued)*

Zambian Economy

Africa's second largest copper hotspot Zambia ended 2022 with a plethora of positives ranging from a stronger confidence standing in the international market to attainment of a landmark target, consensus with the International Monetary Fund (IMF) Staff Mission team on a US$1.4 billion Extended Credit Facility (ECF).

The Zambian Kwacha continued to be vulnerable to the US dollar. In September 2022, the currency was the world's best performing against the US dollar, rallying over 18.5% from January the same year. A range of monetary and fiscal measures appeared to be behind the economy's strength. The Kwacha's performance had been firmly supported by two strong pillars in the economy, and thus the continuous support by the central bank throughout the year. On the other side, local Forex market was sustained by project funding. So far, this year, the central bank has substantially pumped slightly above US$1.3 billion into the domestic Forex market. The local unit started getting stable and stronger after the International Monetary Fund (IMF) came on board around August 2022, when its executive board approved a US$ 1.4 billion facility in favor of Zambia to restore the country's economic stability and drive development.

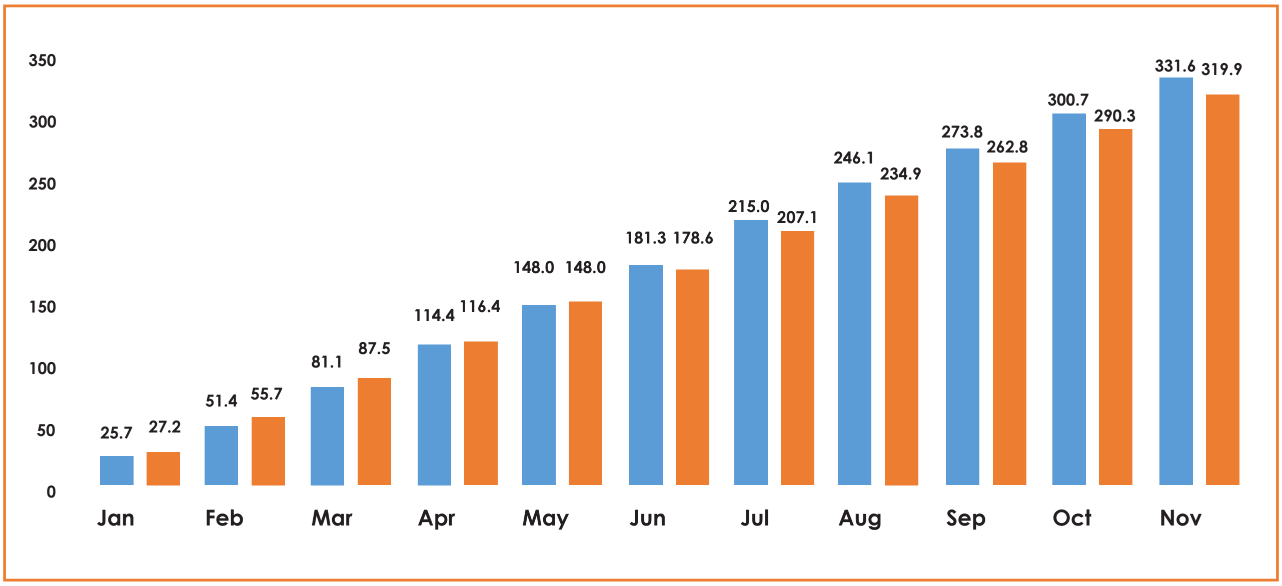
Annual inflation for December 2022 slightly increased to 9.9 percent from 9.8 percent recorded in November 2022. The slight increase of year-to-year inflation is attributed to the movement in prices of non-food items. Furthermore, the year-on-year inflation rate took a massive tumble as it reduced to 9.9% from 16.4% as at December 2021. This is depicted in the figure 2 below.

Figure 2: Annual Inflation December 2021 – December 2022

ABOUT US (continued)

OUR OPERATING ENVIRONMENT*(continued)*

Figure 3: Total Trade, November (2022 and 2021)



SOURCE : ZamStats , 2022
Note: Total Trade = (Exports + Imports)

KEY

- 2021
- 2022

***Cumulative trade** for the period January to November 2022 was ZMW319.9 billion while that of 2021 for the same period was ZMW331.6 billion, representing a 3.5 percent decrease as shown in figure 3 above.

The total value of exports via all modes of transport for the period January to November 2022 was ZMW182.4 billion. In terms of volume, the total volume of exports was 8.7 million Mt. With regards to Imports, total value of Imports via all modes of transport for the same period was ZMW137.4 billion. In terms of volumes, a total of 5.4 million Mt of imports was recorded. Furthermore, the country recorded a trade surplus of ZMW2.77 billion in November 2022 compared to a surplus of ZMW2.84 billion in October 2022.

Export earnings from refined copper in November 2022 increased by 12.0 percent to ZMW10.6 billion from ZMW9.5 billion in October 2022. Export volumes in November 2022 increased by 6.6 percent to 83.4 thousand metric tonne from 78.2 thousand metric tonne in October 2022.

Copper production dropped by 4.67% in 2022, from 800,695.8 tonnes in 2021, to 763,28715 tonnes. The country's cobalt production also dropped by 21.83% during the same period, with 247 tonnes of cobalt produced in 2021, and 316 tonnes produced the previous year.

ABOUT US *(continued)*

RISK MANAGEMENT

ZCCM-IH just like any other business is faced with numerous risks, some of which are implicit for our business while others are ancillary. To ensure that we can deliver on our vision, strategic objectives and operating guidance depends on our ability to effectively identify and appropriately respond to the risks that may prevent us from achieving our objectives. As such, the implementation of the Enterprise Risk Management Framework is considered as an integral part of the institution's Business Strategy and is essential to its success. ZCCM-IH is committed to ensuring robust risk management practices for successful mitigation against existing and emerging risks that are complex and continuously changing. Our risk management process offers a tiered structure approach that includes:

- Identifying and describing the existing risks (and establishing the tools to identify new risks)
- An investment management process that entails the incorporation of risk identification, mitigation, and tracking measures monthly at Company and Group level
- An extensive and thorough pre-investment due diligence process
- Establishing control and governance structures, including proper structuring of three lines of defence model at Company and Group level
- Establishing the conditions for the institution to prevent the formation of new unwanted risks.
- Creation of an appropriate "risk culture" and risk governance at Company and Group level.

Further, the Risk Management function ensures alignment between risk management and strategy for efficient operations. As such, risk management is central to our investment decision-making processes.

Main Risks

Our business is subject to inherent risks in financial, regulatory, strategic, and operational areas among others. The risks described below are not the only ones facing ZCCM-IH, but describe some of our key sources of uncertainty and critical risk management activities:

Key focus areas:

- Strategy/Stakeholder engagement: risks arising from uncertainties that may impact the achievement of our strategic objectives and stakeholders.
- Investments: risks arising from events and uncertainties that may impact our investment activities.
- Financial: risks arising from events related to financial reporting, funding, liquidity, and credit.
- Operations: risks arising from our business, that have the potential to impact operational performance, people and environment.
- Compliance: risks arising from non-compliance

ABOUT US *(continued)*

RISK MANAGEMENT*(continued)*

KEY RISK TYPE	RISK DESCRIPTION	RISK MANAGEMENT AND MITIGATION
Strategic risk	Strategic risk arises from the design and implementation of our business model, the key decisions made in relation to investment and capital allocation, as well as uncertainties and untapped opportunities embedded in our strategic intent and how well they are executed. It also arises from the negative impact that can result from the deterioration of the Groups reputation among stakeholders and the public, resulting in: revenue loss, litigation, regulatory sanctions, and decline in share price.	• Alignment of subsidiary strategic plans to group strategy. • Strategy reviews for all businesses are conducted periodically. • Appointment of representatives on subsidiary boards to ensure oversight. • Ensuring that the group only invests in opportunities that have been extensively tested, reviewed and approved by the investments committee. The testing phase includes stress testing of the models, considerations of a legal, tax and risk opinion to validate the business case.
Financial Risk	Financial risk is an inherent part of our business, and it arises from: • Significant changes in the market prices of the minerals which has a direct impact on the cash flows. • Currency fluctuations also affect the financial performance of our investments. • Limited access to affordable capital required to fund exploration and identified investment opportunities especially those that require significant • Capital outlay.	The implementation of risk management process on all investments and subsidiary matters to provide assessment and identification of emerging and on-going risks with corresponding information and advice on how to manage these risks. This allows business/investment decisions to take all relevant risks adequately into account.
Compliance Risk	Compliance risk is ZCCM-IH's potential exposure to legal penalties, financial forfeiture, and material loss, resulting from failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices	• Ensure compliance by facilitating the regular identification, mitigation and reporting of compliance risk. • Regular review of applicable legislation, policy direction and other relevant documentation, such as budgets to execute directives and resolutions
Investment risk	This is the risk of incurring financial losses in ZCCM-IH's portfolio in pursuit of returns. This risk would arise from; • Under-performance by investee companies; • non-performing shareholder loans and advances; and • Investment concentration risk. Change in the political, economic, social factors and economic outlook.	The Group's portfolio focus approach includes business review meetings. The key agenda in each of these meetings is to assess the management of all the key risks that the asset is exposed to. The Group also seeks to, as much as possible, diversify its investments by investing in a diverse range of minerals.

ABOUT US *(continued)*

RISK MANAGEMENT*(continued)*

KEY RISK TYPE	RISK DESCRIPTION	RISK MANAGEMENT AND MITIGATION
Operational risk	A failure of key processes, systems and/or people comes at additional operating costs to ZCCM-IH, thereby reducing overall operational efficiency and effectiveness.	• Establishment of clear policies and processes. • Embracing and fostering a culture of diversity and inclusivity which encourages staff to be innovative and be supportive of each other. • Monitoring compliance with the policies and processes • Clear goal setting and performance management • A people driven approach to managing the enabling technology and ensuring that system support is available at all times. This includes technology allowing staff to work remotely as may be needed from time to time.

Three Lines of Defence Model

In 2021 ZCCM-IH implemented the three lines of defence model which is an accepted regulated framework designed to facilitate an effective risk management system. This was done by revising the Company's Organizational Structure where the Risk Management function was split from the former Risk and Internal Audit Directorate and is now a stand-alone function. The Audit Committee of the Board and the main Board provide oversight and guidance on the improvement of risk management.

The Risk Function is tasked with the implementation of the Enterprise Risk Management Framework by facilitating risk management enterprise wide and inculcating a risk culture.

The 3 lines of defence model implemented by the Company are:

- **Risk Owners:** The first line of defence (which includes operational departments ie Investments, Human Resources, Information Technology, Procurement, etc) is provided by front line staff and operational management. The systems, internal controls, control environment, policies and culture developed and implemented by these business units is crucial in anticipating and managing operational and non-financial risks.
- **Risk Oversight:** The second line of defence is provided by the risk management function. This function provides the oversight using tools, systems, and advice necessary to support the first line in identifying, managing and monitoring risks Risk Assurance:
- The third line of defence is provided by the internal audit function. This function provides a level of independent assurance that the risk management and internal control framework is working as designed.

This model is used because it provides a standardised and comprehensive risk management process that clarifies roles and provides guidance for effective risk management and governance.

Risk Culture

The Board sets the tone and influences the risk management culture. All strategic, business and investments decisions are made with due consideration of the related risks and mitigants. The risk culture is fostered by periodic risk register reviews by a cross functioning Risk Coordinators Committee. This initiative reviews the risk registers and status of the mitigating controls.

We are further developing a robust Risk Management Training Program especially operational risk management with the objective to foster risk awareness and understanding across the institution to strengthen the risk management.

CHAIRPERSON'S STATEMENT

Mr. Kakenenwa Muyangwa
ZCCM-IH BOARD CHAIRPERSON

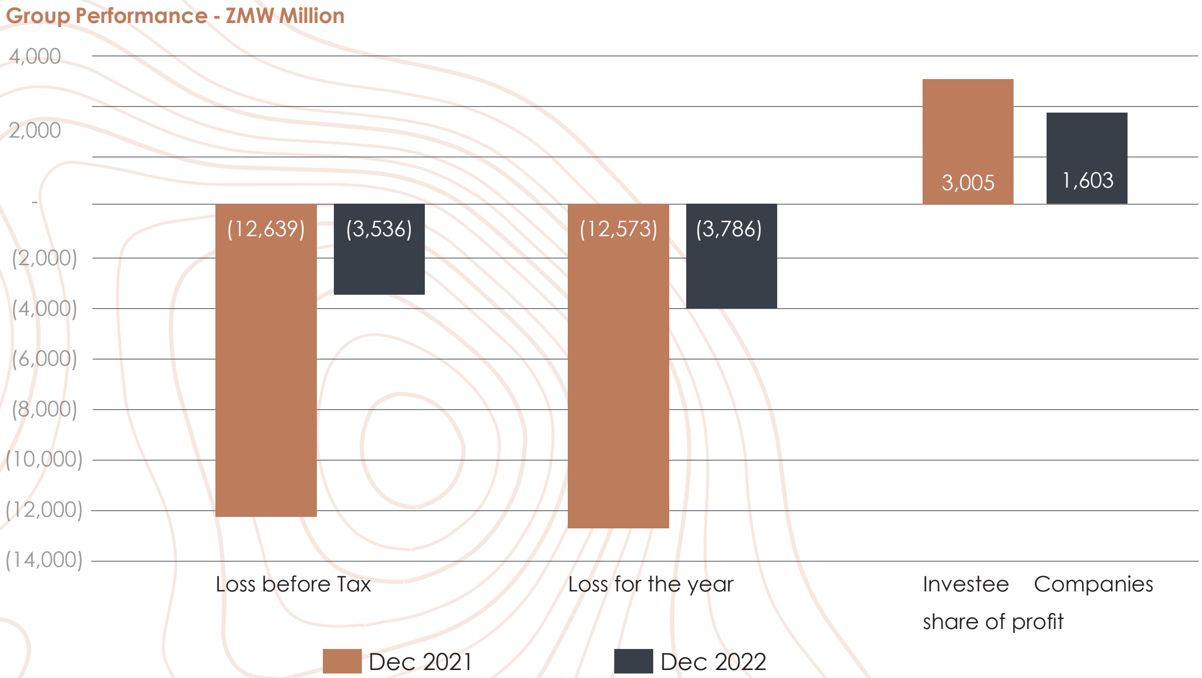
I am pleased to share with you the performance of ZCCM Investments Holdings Plc (ZCCM-IH) as a Company and that of its investee companies during the financial year ended 31 December 2022. While the incidences of COVID-19 slackened as the year progressed, the effects of the pandemic continued to be felt worldwide. Economies were opening slowly and cautiously with many countries recording low, no or negative growth. The energy crisis experienced world over resulting in increased energy costs coupled with the war in Ukraine put pressure on all sectors of world economies. Copper prices remained reasonably sustained with an average gain of around 5% over 2021 closing at $ 8,372 per tonne as at 31st December 2022.

During 2022, we focused our efforts on stabilising operations at our key asset, Mopani Copper Mines Plc (Mopani). In order to sustain operations at Mopani, we facilitated working capital mobilisation to a tune of $45 million. We appointed Rothschild & Co, South Africa (Pty) Ltd to help spearhead the process of finding a strategic equity partner to enable Mopani to operate at its optimum level and sustainably. We expect the process of finding an ideal strategic partner will be finalised within 2023.

The Company continued to devise alternative and predictable methods of value extraction such as the Company royalty transaction with Kansanshi Mining Plc which was finalised in 2023.

Performance at Group level was severely impacted by the underperformance of Mopani resulting in a loss of ZMW 3.79 billion (US$ 222.03 million).

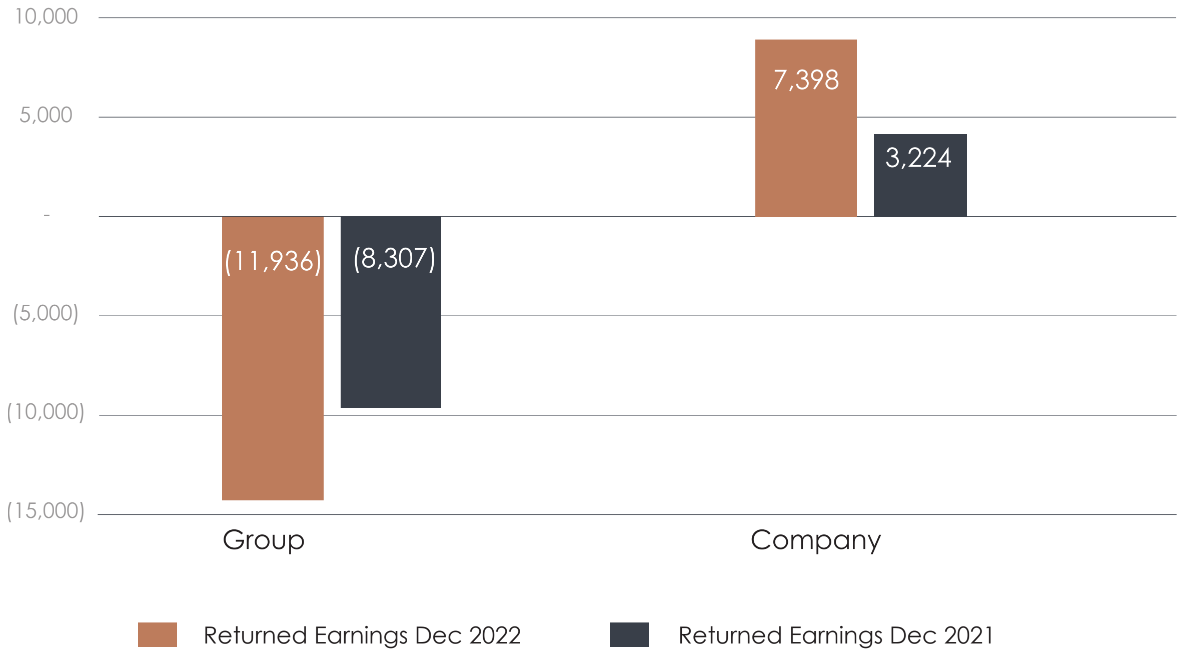
On a positive note, Company performance improved with a profit for the year of ZMW 4.26 billion up from ZMW1.68 billion recorded in 2021. The improved performance was due to increased quantum of dividend receipts from investee companies. The overall performance of the Company and its investees was positively affected by the sustained copper prices recorded during the year.



CHAIRPERSON'S STATEMENT (CONTINUED)

The Group's retained earnings as at 31 December 2022 were negative at ZMW11.94 billion (2021: ZMW8.31s billion negative). The movement in retained earnings is attributable to the recorded Group loss of ZMW3.76 billion (2021: ZMW12.57 billion loss). The Company's retained earnings remained positive at ZMW7.40 billion (2021: ZMW3.22 billion).

Returned Earning - ZMW Million



CHAIRPERSON'S STATEMENT (CONTINUED)

Strategic Developments

While the performance of Mopani continued to be a source of concern, its value lies in its mineral reserve which when explored, mined and processed will significantly change the company's outlook as well as potentially contribute to positive group performance. Our efforts in the coming years will be to ensure the company's performance improves by undertaking major capital projects which will lead to mine development. We will achieve positive developments through partnership with a suitable equity and technical partner.

The operations of Zambia Gold Company Limited continued to be hampered by the suspension of its key asset, Kasenseli mine. I am hopeful that the strategic engagements we have made with key stakeholders will help us reach finality to all the issues leading to our realisation of our objective of creating this company to harness the gold resources that Zambia has. With the price of gold increasing, we believe that the gold sector can help add enormous value to ZCCM-IH's portfolio and contribute to resource mobilisation primarily for Zambia.

In 2020, we announced that we were undertaking group reorganisation with the Industrial Development Corporation (IDC) to ensure that both our entities benefited from strategy alignment. Following consultations, the rationalisation proposal has since been revisited and will not be proceeding as earlier envisaged. However, we will be working to remodel our portfolio to ensure we deliver shareholder value. This remodelling will involve us taking drastic but well thought out decisions so that we have an attractive portfolio which improves shareholder value. We will be communicating details of the actions that your Board will be taking to ensure you are informed as we seek your support.

We have continued to undertake steady steps in determining ways we can participate in the mineral value chain. In this regard, we have been conducting research on the feasibility of establishing a precious metals plant. The work accomplished this far, shows that much can be achieved through a well set out mineral value chain. Our Technical and Investments Team is working towards finalising the feasibility study which is expected to be completed in the third quarter of 2023.

We recognise the importance of culture in achieving strategic goals. We can only achieve our strategic goals with the right attitude and engaging in a high-performance culture. In 2022, the Company worked with a consultant to review corporate cultural barriers and find ways of untangling these to promote positivity and improve performance. I am glad that we have since set ourselves very clear targets which will improve overall Company performance by redefining our culture to that which we want to be as expected by our stakeholders. We will strive to live the new culture and continue monitoring our performance through this lens.

Major Company Risks in 2022

Non-performing shareholder loans and advances continues to be one of the major business risks identified. To mitigate this risk, shareholders may wish to know that a rigorous monitoring framework was implemented. This risk and others are regularly under review and various engagements with respective parties being undertaken.

Another major business risk that we continued to face in 2022 was the unpredictable nature of dividend income. To mitigate this risk, various strategies have been highlighted in the 2026 SP to enhance income diversification.

We are also impacted by growing geopolitical tensions and macroeconomic uncertainty that could potentially impact global growth and affect market volatility and sentiment. The ongoing conflict in Ukraine has contributed to inflationary pressures for key inputs across our value chain. As a risk mitigation we continue to diversify our portfolio of markets and jurisdictions to reduce exposure to specific geopolitical events

CHAIRPERSON'S STATEMENT (CONTINUED)

Capital Market

The ZCCM-IH share price on the three stock exchanges closed as follows, with an inclusion of the respective market capitalisation using the issued share capital:

Market Capitalisation					
		31 December 2022		31 December 2021	
Stock Exchange	Number of Shares	Share price	Market Capitalisation	Share Price	Market Capitalisation
Lusaka Securities Exchange	149,888,015	ZMW 37.98	ZMW5,692,746,809.70	ZMW 37.98	ZMW5,692,746,809.70
Euronext Access	10,619,577	EUR 1.40	EUR 14,867,407.80	EUR 0.94	EUR 9,982,402.38
London Stock Exchange	292,694	US$ 1.65	US$ 482,945.10	US$ 1.65	US$ 482,945.10
TOTAL	**160,800,286**				

Directorate Changes

During the year, the Company had four (4) changes in terms of exiting non-executive directors, one (1) change in the office of the executive director (Chief Executive Officer) and four (4) changes for new appointments at different times. I wish to thank the directors that retired from the Board during the year, for the service rendered to the Company. At the same time, I am confident that the new directors appointed in the year, together with the colleagues they joined on the Board will live up to the huge expectations of the shareholders and the nation at large.

Outlook

The mining sector is generally expected to see strong demand in the short to medium term and in particular, copper prices are envisaged to remain current high level going forward.

With a focus on mining and mining related activities, ZCCM-IH stands ready to seize the opportunities that lie ahead in the mining sector. The Company will continue to undertake exploration for gold and copper as these minerals are critical to value creation.

ZCCM-IH will use a three-pronged strategy in this regard, that is forging strong value enhancing partnerships/joint ventures, invigorate the exploration activities in brown and greenfield areas and a push for new licences for minerals of its interest as identified in the Company's 2026 Strategic Plan.

Acknowledgement

I once again express gratitude to my fellow Board members for their tenacity and unwavering support in setting strategic direction for the Company. I remain very proud of our achievements and direction we are taking to improve shareholder value. To Management, I wish to reiterate the need for us to work as a team and remain thankful for your commitment and hard work.

Importantly, I am grateful to the shareholders for their support rendered to everyone connected to and at ZCCM-IH during the 2022 financial year.

Mr. Kakenenwa Muyangwa

ZCCM INVESTMENTS HOLDINGS Plc - BOARD CHAIRPERSON

REPORT OF DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of ZCCM Investments Holdings Plc ('the Company') and its subsidiaries (together "the Group").

Mr. Kakenenwa Muyangwa
Board Chairperson | Non-Executive Director

Mr. Moses Smart Nyirenda
Non - Executive Director

Mr. Brian Nalishuwa
Non - Executive Director

Mr. Philippe G. Taussac
Non - Executive Director

Mrs. Masitala Nanyangwe Mushinga
Non - Executive Director

Mr. Muyangwa Muyangwa
Non - Executive Director

Dr. Ndoba Joseph Vibetti
Executive Director/Chief Executive Officer

Bishop John Mambo
Non-Executive Director

Forward Right - **Ms. Dolika R Banda** ZCCM Investments Holdings Board Chairperson *(Touring CEC Solar Power Plant - Friday, 03 June 2022)*

REPORT OF THE DIRECTORS (CONTINUED)

Share Capital

The authorised share capital of the Company remained unchanged at ZMW2,000,000 divided as follows:

120,000,000	A" Ordinary Shares of ZMW 0.01 each; and
80,000,000	B" Ordinary Shares of ZMW 0.01 each

Class "A" Ordinary Shares and Class "B" Ordinary Shares all rank pari passu in all respects.

During the year, the issued share capital remained unchanged at 160,800,286 shares with a nominal value of ZMW1, 608,003 as detailed below:

	Number of shares	Amount ZMW
At beginning and end of year	160,800,286	1,608,003

Shareholding By Directors

As at 31 December 2022, Mr Philippe G. Taussac (Non-Executive Director and Chairperson of the Investments Committee of the Board) had 160,589 shares.

Changes To Senior Management

During the year 2022, the Company welcomed Mrs Betty C Meleki, the Chief Human Resources and Administration officer. She was appointed on 7 March 2022.

Principal Activities

ZCCM –IH ("the Company'') is an investments holdings Company which has a primary listing on the Lusaka Securities Exchange and secondary listings on the London and Euronext Paris Stock Exchanges. The Company has the majority of its investments held in the copper mining sector of Zambia. The Company's focus going forward will include the following:

- Developing and implementing investments strategies and aligning Company operations towards maximizing of shareholder value in the mining sector;
- Monitoring the performance of investee companies to ensure they consistently declare reasonable dividends and ensure Company growth;
- Ensuring effective representation on the Boards of the investee companies;
- Establishing and securing joint venture partnerships for projects assessed to be viable;
- Establishing metal streaming arrangements;
- Establishing a royalty model to maximize shareholder value; and
- Supply chain participation (including management contracts), where expertise in the Technical Directorate will be applied to leverage this line of business.

Dividends

Subsequent to the year end, the Company declared a dividend in relation to the 2021 and 2022 financial year end of ZMW2.09 and ZMW2.41 per share respectively.

REPORT OF THE DIRECTORS (CONTINUED)

Changes in the Directorate

During the year and up to signing date of this report, the following were changes in the directorate:

NAME OF DIRECTOR	NATURE OF CHANGE
Ms Dolika E S Banda (Board Chairperson)	Appointed on 13 December 2021 and resigned on 5 May 2023
Mr. Kakenenwa Muyangwa (Board Chairperson)	Appointed on 5 May 2023
Mr Moses Smart Nyirenda (Non – Executive Director/ Remuneration Committee Chairman)	Appointed on 13 December 2021
Mr Gregory Kabwe (Non – Executive Director/ Audit Committee Chairman)	Appointed on 13 December 2021 and retired on 2 March 2023
Mrs. Masitala Nayangwe Mushinga (Non – Executive Director/ Audit Committee Chairman)	Appointed on 7 March 2023
Bishop John Mambo (Non – Executive Director)	Appointed on 13 December 2021
Dr. Ndoba J Vibetti (Executive Director/ Chief Executive Officer)	Appointed on 1 February 2023
Mr Brian Nalishuwa (Non-Executive Director)	Appointed on 7 December 2022
Mr Muchindu Kasongola (Non-Executive Director)	Appointed on 24 August 2022 and retired on 25 November 2022
Mr Muyangwa Muyangwa (Non – Executive Director/ Investment Committee)	Appointed on 1June 2022.
Mr Yollard Kachinda (Non-Executive Director/ Remuneration Committee Chairman)	Retired on 6 April 2022
Mr Mabvuto T Chipata (Executive Director/ Chief Executive Officer)	Retired on 30 March 2022
Mr M Kaluba (Non-Executive Director)	Resigned on 17 August 2022

AUDIT COMMITTEE	REMUNERATION COMMITTEE
Ms. Masitala N Mushinga (Chairperson) (appointed on 7 March 2023).	Mr Moses Nyirenda (Chairman)
Bishop John H Mambo (appointed on 13 December 2021)	Mr Tisa Chama (Acting Chief Executive Officer from 30 March 2022 to 31 January 2023)
Mr Philippe G Taussac	Mr Bishop H Mambo
Mr Vincent Nyambe (Co-opted member)	Mr. Ronnie Kamanya (appointed on 26 April 2022 & Retired on 1 June 2022)
Mr Brian Nalishuwa (appointed on 7 December 2022)	Mr Muyangwa Muyangwa (appointed on 1 June 2022)
Mr. Gregory Kabwe (Chairman) (retired on 2 March 2023)	Mr Gregory Kabwe (retired on 2 March 2023)
Dr Ndoba J. Vibetti (Chief Executive Officer/ Appointed 1 February 2023	Mr Mabvuto Chipata (retired on 30 March 2022)
Mr. Mateyo C Kaluba (Chairman) (resigned on 17 August 2022)	Mr Y Kachinda (Chairman; retired 6 April 2022)

INVESTMENTS COMMITTEE	
Mr Philippe G Taussac	(Chairman)
Mr Moses S Nyirenda	Non-Executive Member
Mr Tisa R Chama	Acting Chief Executive Officer (appointed on 30 March 2022)
Mr Brian Musonda	Chief Investments Officer
Mr Charles Mpundu	Co-opted Member
Mr Basil Nundwe	Co-opted Member (retired in 2022)
Mr Albert Halwampa	Co-opted Member (appointed on 14 February 2022)
Mr Ronnie Kamanya	Non-Executive Member (appointed on 26 April 2022 & Retired on 1 June 2022)
Mr Mabvuto T Chipata	Chief Executive Officer (retired on 30 March 2022)
Mr Yollard Kachinda	Non-Executive Member retired on 6 April 2022)
Mr Mateyo C Kaluba	Non-Executive Member (retired on 17 August 2022)
Mr Muchindu Kasongola	Appointed on 24 August 2022 & retired on 25 November 2022

REPORT OF THE DIRECTORS (CONTINUED)

BOARD COMMITTEE'S FUNCTIONS (CONTINUED)

Director's Participation in Meetings

Record of attendance of Board and Committee meetings held during the period to 31 December 2022.

Board Meetings:

Name of Director	01/02/22	22/02/22	09/03/22	23/03/22	05/04/22	26/04/22	06/05/22	21/06/22	04/08/22	26/08/22	13/09/22	28/09/22	05/10/22	12/10/22	17/10/22	03/11/22	05/11/22	14/11/22	18/11/22	07/12/22	22/12/22
Ms Dolika Banda, (Chairperson)	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Moses Nyirenda	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Gregory Kabwe	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	X	√	X
Mr Bishop John Mambo	√	√	√	√	√	√	√	√	√	√	√	√	X	√	√	√	X	√	√	√	√
Mr Mabvuto T Chipata	√	√	√	X	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Mr. Yollard Kachinda	√	√	√	√	√	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Mr. Mateyo C Kaluba	√	√	√	X	√	X	X	X	X	•	•	•	•	•	•	•	•	•	•	•	•
Mr Philippe G Taussac	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Muchindu Kasongola	•	•	•	√	√	√	√	√	√	√	√	√	√	√	√	X	X	X	X	•	•
Mr Muyangwa Muyangwa	•	•	•	•	•	•	•	•	√	√	X	√	X	X	X	√	X	√	X	√	√
Mr Ronnie Kamanya	•	•	•	•	•	√	√	√	•	•	•	•	•	•	•	•	•	•	√	•	•
Mr Brian Nalishuwa	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	√	√

KEY

√ In attendance X Not in attendance • Not a member on stated date of meeting

Audit Committee

The committee provides oversight on the effectiveness of the Group's operational and financial reporting systems and accuracy of information, and that the Group's published Financial Statements represent a true and fair reflection. The specific terms of reference include:

- Reviewing and appraising the soundness of risk management, internal controls, and the reliability and integrity of financial, managerial, and operating data.
- Ascertaining compliance with the ZCCM-IH Group policies and procedures.
- Evaluating asset safeguards and accountability.
- Evaluating the economy and efficiency with which resources are employed.
- Reviewing operations or programs to assess whether they are being carried out as planned and whether results are consistent with established objectives.
- Providing advice to management regarding the adequacy and effectiveness of controls regarding major decisions.

REPORT OF THE DIRECTORS (CONTINUED)

BOARD COMMITTEE'S FUNCTIONS (CONTINUED)

Meeting Attendance

Name Of Director	27/01/22	15/02/22	15/06/22	04/10/22
Mr Mateyo C Kaluba (Chairman)	√	√	X	X
Mr Philippe G Taussac	√	√	√	√
Mr Gregory Kabwe	√	√	√	√
Mr Vincent Nyambe	√	√	√	√
Mr Bishop John Mambo	√	√	√	√
Mr Mabvuto Chipata	√	√	•	•
Mr Muchindu Kasongola	•	•	√	√

KEY

√	In attendance	X	Not in attendance	•	Not a member on stated date of meeting

Investments Committee

To adequately supervise and monitor the investment function of the Company, the Investments Committee of the Board's duties and responsibilities shall be:

- To evaluate and approve or disapprove and refer all approved investments to the full Board.
- To evaluate and recommend to the Board on the disinvestments.
- To periodically review each investment in terms of performance against benchmark returns for the Company.
- To guide management on the activities of the Management Investment Committee and ensure they comply with the laid down procedures.
- To advise the Board and guide management on investment-related issues.
- To circulate for information, quarterly reports to the Board and through the Chairman present on matters therein, if necessary; and,
- To determine the amount to be invested in a period

Meeting Attendance

Name of Director	14/02/22	16/03/22	03/05/22	14/06/22	04/08/22	24/08/22	03/10/22	14/10/22	02/11/22	05/12/22
Mr Philippe G Taussac (Chairman)	√	√	√	√	√	√	√	√	√	√
Mr. Moses Nyirenda	√	√	√	√	√	√	√	√	√	√
Mr. Albert Halwampa	√	√	√	X	√	√	√	X	√	√
Mr Mateyo C Kaluba	√	X	X	X	X	•	•	•	•	•
Mr Charles Mpundu	√	√	√	√	√	√	X	X	X	X
Mr Basil Nundwe	√	√	√	X	X	√	√	√	√	√
Mr. Yollard Kachinda	√	√	•	•	•	•	•	•	•	•
Mr Mabvuto T Chipata	√	√	•	•	•	•	•	•	•	•
Mr Muchindu Kasongola	•	√	√	√	√	√	√	√	X	•
Mr Muyangwa Muyangwa	•	•	•	√	√	√	√	X	X	
Mr Ronnie Kamanya	•	•	√	√	•	•	•	•	•	•

KEY

√	In attendance
X	Not in attendance
•	Not a member on stated date of meeting

REPORT OF THE DIRECTORS (CONTINUED)

BOARD COMMITTEE'S FUNCTIONS (CONTINUED)

Remuneration Committee

The committee is responsible for formulating remuneration policies and principles that promote the success of the Company. More specifically, the Remuneration Committee's terms of reference include:

- Determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive and such other members of the executive management as it is designated to consider.
- Determine targets for any performance-related pay schemes operated by the Company.
- In determining such remuneration packages, give due regard to the prevailing compensation levels in comparable commercial organizations.
- Be exclusively responsible for establishing the selection criteria, selecting, appointing, and setting the terms of reference for any remuneration consultants who advise the committee.
- Report the frequency of, and attendance by members at, remuneration committee meetings in the annual report.
- Make the committee's terms of reference publicly available. These should set out the committee's delegated responsibilities and be reviewed and, where necessary, update annually.

Meeting Attendance

Name of Director	11/02/22	07/06/22	15/06/22	13/09/22	29/09/22	07/10/22
Mr Yollard Kachinda (Chairman)	√	•	•	•	•	•
Mr. Moses Nyirenda	√	√	√	√	√	√
Mr Bishop John Mambo	√	√	√	√	√	X
Mr Ronnie Kamanya	•	√	√	•	•	•
Mr Gregory Kabwe	√	√	√	√	√	√
Mr Muyangwa Muyangwa	•	•	•	X	√	√
Mr Mabvuto T Chipata	√	•	•	•	•	•

KEY

√ In attendance   X Not in attendance   • Not a member on stated date of meeting

Renumeration Policies

Board of Directors' fees and emoluments.

	2022	2021
Item	**ZMW**	**ZMW**
Executive Director's Fees	231,760	848,472
Executive Director's Emoluments	841,791	4,239,651
Non-executive Director's Fees	9,265,431	7,258,208
Total	**10,338,982**	**12,346,331**

REPORT OF THE DIRECTORS (CONTINUED)

Average number and remuneration of employees

The total amount paid as remuneration to employees during the year amounted to ZMW2,145.92 million (2021: ZMW1,562 million) for the Group and ZMW129.35 million (2021: ZMW108.8 million) for the Company. The average number of employees was as follows:

Month	Company	SUBSIDIARIES	GROUP	Month	Company	Subsidiaries	Group
Jan 2022	89	6,386	6,475	Jul 2022	104	6,529	6,633
Feb 2022	91	6,435	6,526	Aug 2022	105	6,529	6,634
Mar 2022	91	6,418	6,509	Sept 2022	107	6,593	6,700
Apr 2022	96	6,450	6,546	Oct 2022	107	6,588	6,695
May 2022	95	6,487	6,582	Nov 2022	107	6,586	6,693
Jun 2022	100	6,496	6,596	Dec 2022	106	6,582	6,688

STAFF EXPENSES

	31 December 2022 ZMW'000	31 December 2021 ZMW'000
Subsidiaries Companies	2,016,565	1,453,252
ZCCM-IH	129,353	108,765
	2,145,918	**1,562,017**

HEALTH AND SAFETY EMPLOYEE ENVIRONMENT

Health and safety are a top priority in the Group. In order to maintain productivity, the Group ensured a healthy environment by providing the following to employees:

- Periodic Health Talks to educate and sensitise employees on various health issues.
- Medical services with some medical facilities
- Subscription to the gym to ensure wellness.
- Work-Life Balance by ensuring that employees took annual leave to refreshen their minds.
- Hand sanitisers, fumigation of offices buildings and generally a clean environment to prevent contraction and spread of the Covid-19 virus.

The Group ensured a safe working environment by observing the following:

- Adherence to laws and regulations governing safety at places of work.
- Provision of first aid kit
- Availability of trained first aiders and fire marshals.
- Serviceable fire extinguishers

REPORT OF THE DIRECTORS (CONTINUED)

CORPORATE GOVERNANCE

ZCCM-IH activities are streamlined by the full utilisation of its Management and Board via committees that are guided by its Corporate Governance Policies. Being a publicly listed entity, ZCCM-IH Corporate Governance Policies are in line with various codes of conduct required by the regulatory authorities of the stock markets the Company is listed on.

The Group continued to operate by enforcing good corporate governance practices contained in Sections 82 to 122 of Part VII of the Companies Act No.10 of 2017 of Zambia, and the Lusaka Securities Exchange (LuSE) Corporate Governance (CG) Code, publicly available on the Company's website and from the LuSE upon request.

The Companies diversity policy is embedded in the Human Resource Policy under the clause titled "Equal Opportunity, Diversity and Positive Action", which states in part that, "ZCCM-IH will provide equal employment opportunity to the Zambian nationals on the basis of merit without unlawful discrimination on the basis of age, gender, colour, tribe, disability, race or religion".

The Company's internal controls are implemented amongst others through its Internal Control Policy as approved by the Board in 2019 and incorporates guidance aligned to requirement of the Securities Act of 2016 related to the Company's internal controls. The Company also maintains a Business Risk Register (BRR) which identifies the risks affecting the various aspects of ZCCM-IH strategic and operational areas and how these risks are to be mitigated. The BRR is monitored on a regular basis by Management and the Audit Committee and reported to the Board.

Further to this, the Company has formally adopted the OECD principles of Corporate Governance.

The separation of powers between the Directors and Management on one hand and the Chairman of the Board and the Chief Executive Officer on the other was strictly adhered to. All Directors except the Chief Executive Officer on the Board were non-executive during the financial period.

The Board of Directors is committed to sound corporate governance and the management of environmental and social issues. Towards the achievement of this commitment, the Board has continued to put in place appropriate governance policies. This is enshrined in ZCCM-IH's Strategic Plan for the period 2020 to 2026 by committing to enhancing its Environmental, Social, and Governance (ESG) adherence.

Forward Front - **Mr. Tisa R Chama** ZCCM Investments Holdings CTO *(Touring KAGEM Emerald Mine - Tuesday, 31 May 2022)*

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dr Ndoba J. Vibetti
ZCCM-IH CEO

In 2022 we focused on progressing our strategy and delivering against our four strategic goals to build a stronger ZCCM-IH for the long term. Despite a challenging environment, we achieved a favourable financial performance at company level. This was due, in part to the strong foundations of our business, its' world class assets, diversified commodities, and deep industry knowledge that our people possess. At Group level, we recorded a loss arising from the underperformance of Mopani Copper Mines Plc largely due to liquidity challenges. Mopani is a significant component of the Group, and a resolution to its challenges will remain a key focus area.

In as much as we made considerable progress in working towards transforming our business for the future through reshaping our portfolio, simplifying our corporate performance appraisal framework and enhancing our corporate culture, there is lots more to do. Our aim is to continue the positive performance recorded in the past years at company level to filter through to Group level as well.

STRATEGY

Three years into our 2026 Strategic Plan, the early evidence of progress against our set objectives for this period is heartening. For the two-year period, the Company has achieved: income of ZMW7.82 billion; profit of ZMW5.93 billion; average yield of 12%; averaged cost to income ratio of 25%; and implemented a new organisational design to streamline our corporate structure. It gives us confidence that we have a truly exciting improvement journey for the remaining years of the strategic plan.

In 2022 alone, we managed to maintain operating costs at 18% of total income against a target of 40%; recorded total income of ZMW5.45 billion against a target of ZMW1.2 billion; and increased exploration costs by over 300% from ZMW5.7 million in 2021 to ZMW18.89 million in 2022. This was achievable thanks to our highly capable, diverse, engaged people across ZCCM-IH, who have continued to show tremendous resilience in the face of the multiple challenges from by the external environment.

Going forward, our strategy will be informed by a deep analysis of the interplay of global megatrends, explored through the lens of plausible scenarios. These set the context for our industry and underpin our investment choices on how we operate. Our success relies on our ability to strengthen our resilience to the physical, societal and economic effects of various local and global factors while building partnerships and capabilities that will enable us to secure new opportunities.

Environmental, Social and Governance (ESG)

Shareholders and investors are becoming more ESG-conscious in their investment behaviours, taking into consideration a range of sustainability themes beyond carbon footprint, including biodiversity, water consumption, waste generation and social-economic impact. This is helping to drive a holistic shift towards increasingly transparent, sustainable and circular value chains in the mining sector. As such, during the year, we embarked on the process to develop our ESG framework. This will set milestones, as well as goals with specified ESG metrics, to be communicated annually to all our stakeholders. Our aspiration is to build a better world for all of our stakeholders. We aim to create social value, which is the positive contribution ZCCM-IH makes to society: our people, partners, the economy, the environment and local communities for the mutual benefit of our stakeholders. We view this as fundamental to our long-term success and a competitive advantage that will support growth.

Further, we aim to strengthen our resilience to changing market fundamentals and pursue new opportunities and partnerships that help deliver strong returns and growth options for our business and reduce our environmental footprint. Sustainability for us, is integral to how we contribute to social value creation. It is core to our strategy and will sit at the heart of everything we do.

CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)

Stakeholder Engagement

We are a business committed to regularly engaging with our shareholders. We strongly believe their views make us a better business and we welcome their feedback. We held our first stakeholder open day during the year, and we intend to regularly meet with our shareholders across the three markets on which we are listed to discuss a range of strategy and governance topics including our approach to environment, social and governance matters. We are passionate about strengthening our relationships with our shareholders, local communities and other partners to incorporate a broad range of views in our decision making.

Further, we are committed to contributing to society through engagement and advocacy on important issues, and by supporting targeted development areas to benefit the communities where we operate.

Building a thriving corporate culture

Following the cultural transformation programme we undertook during the year, our focus is on embedding the right culture which is such a critical enabler for achieving our strategic objectives and to creating the future organisation that we all wish to see. More broadly, we are embedding a change in mindset and behaviours throughout the organisation, with the implementation of the RITTE (Respect, Integrity, Teamwork, Transparency, and Efficiency) culture being absolutely crucial to driving this change. Achieving culture change will take time, but we are heading in the right direction. Everything we aspire to achieve should be underpinned by our people feeling emotionally safe, empowered, included and respected. This is what led to a review of the company culture to ensure we create a work environment where everyone can be at their best. Changing our culture is key to achieving each of our four objectives. When people feel respected and valued, they feel empowered to be their best selves and bring their best ideas.

One of the key learnings from the past few years is that how we achieve our strategy is just as important as what we achieve. As our strategy has evolved, so has the need for an appropriate culture to better support it. By driving delivery of our key objectives in a manner consistent with our values and behaviours and which advance our culture change agenda, we are confident that we will see great progress towards our strategic ambitions.

Seizing opportunities

The shift to electric vehicles and renewable energy will require more copper, nickel, lithium, manganese among others, to decarbonise society, but developing new mines is becoming more challenging. We are therefore strategically thinking long term to harness the right opportunities, while also keeping the shorter-term initiatives operational. In this regard, in 2022 we increased exploration investment and expenditure with a view to develop new mines in the future.

Looking Ahead

Being a mining focused investment holding company, we want to have a leaner, more agile and efficient ZCCM-IH, with a portfolio aligned to the global megatrends, and better positioned to grow value. By diversifying our commodity portfolio to include critical minerals, we are actively participating within our social contract required for a decarbonised world.

As we enter 2023, we will need to maintain a keen eye on near-term opportunities and risks, while always creating sufficient time and space to capture key strategic opportunities as they emerge for the longer term. Without doubt, there is considerable work ahead – to improve the consistency of our performance, to anticipate and respond to a shifting competitive landscape, to create a safe and empowering culture, and to continue to strengthen our partnerships. But as we all look to the future, we have a clear purpose, an ambitious strategy, and I am confident that we have all of the right ingredients in place – best people in the industry, world-class assets, diversified commodity portfolio, strong balance sheet and strategic partnerships.

Acknowledgement

Let me end by thanking the management team and all the employees who delivered for the company and its shareholders during the year.

Dr Ndoba Vibetti

Chief Executive Officer

EXECUTIVE MANAGEMENT TEAM

DR NDOBA VIBETTI
CHIEF EXECUTIVE OFFICER

MR BRIAN MUSONDA
CHIEF INVESTMENTS OFFICER

MS CHILANDU SAKALA
CHIEF FINANCIAL OFFICER

MR SHEPHERD MWANZA
CHIEF INTERNAL AUDIT OFFICER

MR LOMBE MBALASHI
CHIEF LEGAL OFFICER

MR CHARLES MJUMPHI
COMPANY SECRETARY

MR TISA R. CHAMA
CHIEF TECHNICAL OFFICER

MR MUKUKA KANGWA
CHIEF INFORMATION AND TECHNOLOGY OFFICER

MS BETTY MELEKI
CHIEF HUMAN RESOURCE AND ADMINISTRATION OFFICER

MS LOISA MBATHA
CORPORATE AFFAIRS MANAGER

MR GIFT ZULU
PROCUREMENT MANAGER

MS MWAKA MWAMULIMA
RISK MANAGER

OPERATIONS REPORT

PORTFOLIO PERFORMANCE REVIEW

SUBSIDIARY COMPANIES

S/N	PORTFOLIO COMPANY	2022 PERFORMANCE REVIEW
A	Subsidiary Companies	
1	Mopani Copper Mines Plc	For the year ended 31st December 2022, Mopani Copper Mines (MCM) recorded cumulative net revenue of ZMW11.85 billion (US$695.26 million), (2021:ZMW14.16 billion (US$877.38 million)). The net loss for the year under review was ZMW5.05 billion (US$296.36 million), (2021:ZMW76.82 billion profit (US$3.90 billion)). During the year under review, MCM produced a total of 72,694 tonnes of finished copper (2021: 87,618 tonnes). The smelter underwent a 45-day shutdown from August 2022 to September 2022 for maintenance, refurbishment of critical components and replacement of refractory bricks. The maintenance works set up the smelter to operate for another two-year campaign. ZCCM-IH engaged Rothschild & Co, a globally renowned investment bank, in June 2022 to assist with the strategic review of Mopani for the purposes of sustainability, expansion and growth. Rothschild & Co undertaking the assessment in two phases. Under Phase 1, Rothschild & Co. will undertake the restructuring of Mopani in a phased approach with assistance from appropriate legal and technical advisors to maintain Mopani as a going concern and build resilience. Under Phase 2, Rothschild & Co will assist ZCCM-IH in finding a Strategic Equity Partner. During the year under review, ZCCM-IH continued to support MCM by providing Corporate Guarantee of up to US$45 million to various banks for the provision of Mopani's working capital facilities from various banks. There were no dividends declared during the period under review (December 2021: Nil).
2	Zambia Gold Company Limited (ZGC)	Zambia Gold Company Limited (ZGC) reported revenue of ZMW 0.03 million (2021: ZMW 68.29 million) for the year ended 31 December 2022. During the period under review, no Gold sales were made during the year (2021: 62.02 Kg) due to the suspension of mining activities at Kasenseli Gold Mine by the Mines Safety Department (MSD). Net loss recorded for the period was ZMW 51.57 million (2021: net loss of ZMW 0.59 million). For the year under review, ZGC did not produce any gold due to the suspension of mining activities at Kasenseli which is the main source of gold production against a budget of 339.3 kg. ZGC has formulated an action plan to address the issues raised by MSD which were conditions set for lifting the suspension. ZGC has also engaged key stakeholders to facilitate and accelerate the opening of the Mine. The action plan has since been completed and submitted to key stakeholders. ZGC shall continue conducting exploration activities on its other licences and partnership with third party licence holders. ZGC launched the value addition business model in line with its strategic mandate of developing the gold sub-sector. There were no dividends declared during the period under review (December 2021: Nil).

OPERATIONS REPORT (CONTINUED)

SUBSIDIARY COMPANIES (CONTINUED)

S/N	PORTFOLIO COMPANY	2022 PERFORMANCE REVIEW
A	Subsidiary Companies	
3	Limestone Resources Limited (LRL)/ Ndola Lime Company Limited	Limestone Resources Limited (LRL) was barely operational for the most part of the year as both primary kilns (VK1 and VK2) were not functional. The collapse of refractory bricks on VK1 in 2021 had not yet been resolved while the historical fuel system challenges on VK2 were only resolved in July 2022. These works included multiple modifications to have the kiln operate using coal as the fuel, a much cheaper commodity than Heavy Fuel Oil in the original design. ZCCM-IH provided working capital funding to ignite and commission the kiln in August 2022 and the Kiln was fired up in September 2022. Even though the kiln is operational, it takes several months to attain stability in quality and production as different operating parameters are monitored and observed, and adjustments made accordingly. Further, LRL was not adequately capitalised for a long time and therefore continued to experience underperformance of its operating plant and equipment. ZCCM-IH continued to support the Company for its turnaround strategies. As a result of only being productive for the last 3 months of the year, LRL's performance was substantially impacted, recording revenue of only ZMW26.8 million (2021: ZMW 119 million). The loss for the year was ZMW90.78 million (2021: ZMW39.7 million). There were no dividends declared during the period under review (December 2021: Nil)
4	Investrust Bank PLC	Investrust generated revenue of ZMW 150.8 million(2021: ZMW170.7 million) and net loss for the year was ZMW2.6 million (2021: ZMW15.1 million in profit). For the twelve-month period ended 31st December 2022, the Bank's financial performance exhibited signs of improvement despite the inadequate capital. The Bank recorded a decline in bottom line income compared to the prior period. The decline in bank performance was largely attributed to the Bank's inadequate capital which had a negative ripple effect on its ability to make advances and loans, attract deposits and invest in new IT infrastructure. ZCCM-IH, alongside other key stakeholders in Investrust, continued to strategize on the best possible option to recapitalise the Bank in order to make it competitive and enable it to play its rightful role in the Zambian financial sector. The Bank's share price on the Lusaka Securities Exchange closed the period under review at ZMW25 (2021: ZMW15). There were no dividends declared during the period under review (December 2021: Nil).
5	Misenge Environmental and Technical Services Limited (METS)	Misenge Environmental and Technical Services Limited (METS) generated a total of ZMW 4.93 million in revenue for the year ended 31st December 2022 (2021: ZMW17.11 million). METS reported a net loss of ZMW4.39 million (2021: ZMW2.51 million profit) During the period under review, METS continued the implementation of its Strategic Turnaround and Marketing Plan. ZCCM-IH capitalised the company with ZMW45.323 million during the year. Management also made steady efforts to raise capital for equipment and develop non-ZCCM-IH business relationships for the formation of strategic alliances and partnerships in the provision of environmental services. There were no dividends declared during the period under review (December 2021: Nil)

OPERATIONS REPORT (CONTINUED)

SUBSIDIARY COMPANIES (CONTINUED)

S/N	PORTFOLIO COMPANY	2022 PERFORMANCE REVIEW
A	Subsidiary Companies	
6	Kariba Minerals Limited (KML)	For the year ended 31st December 2022, Kariba Minerals Limited (KML) reported total revenues of ZMW23.04 million (2021: ZMW26.12 million) with a net loss of ZMW5.19 million (2021: ZMW7.4 million net profit). During the period under review, KML produced a total of 1,503.58 tonnes of amethyst which comprised of 327 tonnes medium and high grade, and 1,175.76 tonnes commercial grade (2021: 1,044.70 tonnes – 306 tonnes medium and high grade, and 837.88 tonnes commercial grade.) The retail store at the Kenneth Kaunda International Airport was completed during the year. The Company has prepared a turnaround plan that is envisaged to tackle some of the bottlenecks in mining, production, process and marketing thereby transforming the company from loss making to profit making. There were no dividends declared during the financial year under review (2021: Nil).
7	Mushe Milling Company Limited	Mushe Milling Limited (MML) earned a total of ZMW 38.93 million in revenue for the year ended 31 December 2022 (2021: ZMW38.15 million). MML recorded a net loss of ZMW16.4 million (2021: ZMW48.14 million loss). The Company remained undercapitalised with a negative equity position and current liabilities in excess of ZMW6.5 million. Due to its consistent weak financial position, only minimal debt amounts could be settled by the Company during the period and operations were halted due to MML's inability to purchase its own maize stock. There were no dividends declared during the period under review (2021: Nil). Subsequent to year end, was placed under liquidation.
8	Kabundi Resources Limited)	For the year ended 31 December 2022, Kabundi Resources Limited (KRL) reported total revenues of ZMW13.64 million (2021: ZMW 5.58 million) with a net profit of ZMW5.5 million (2021: ZMW 1.95 million net loss). Kabundi Resources Limited (KRL) began its own mining operations to try and boost revenues in addition to the existing royalty arrangement that had been in place since inception. A total of 26,133 tonnes of manganese was produced during the year ended 31st December 2022. In the period under review, Kabundi made progress with phase 2 which included starting own mining and conducting additional exploration activities. This was made possible through additional funding that was provided by the shareholders. During the period under review KRL continued its mining activities on Three (3) sites namely "Kabundi A & B" and also in Ntenge where KRL had acquired another mining license. Going forward, the Company's focus will be to acquire mining equipment and further Kabundi paid management fees totalling ZMW 0.9 million to ZCCM-IH in the period under review. There were no dividends declared during the period under review (December 2021: Nil).
9	Nkandabwe Coal Mine Limited.	Nkandabwe Coal Mine Limited remained inactive during the year as the Company is winding up, which is planned to be concluded in 2023.

OPERATIONS REPORT (CONTINUED)

ASSOCIATE COMPANIES

<table>
<tr><th>S/N</th><th>PORTFOLIO COMPANY</th><th>2022 PERFORMANCE REVIEW</th></tr>
<tr><td>B</td><td>Associate Companies</td><td></td></tr>
<tr><td>10</td><td>Maamba Collieries Limited (MCL)</td><td>Maamba Collieries Limited (MCL) reported total revenue of ZMW4.75 billion (US$278.68 million) for the year ended 31 December 2022 ((2021: ZMW3.96 billion (US$201.71 million)) and had a profit after tax of ZMW1.53 billion (US$89.95 million) ((2021: -ZMW222.03million net loss (2021: US$11.28 million net loss)).

During the period under review, MCL continued to experience liquidity challenges because of delayed payments from ZESCO which stood at ZMW10.97 billion (US$606.79 million) as 31st December 2022. The Company undertook semi-annual maintenance shut down and forced shut down of unit 1 of the 150 MW thermal power units between 25 May 2022 and 7 June 2022. Nevertheless, plant availability was more than 85% for each of the first nine months of FY2022-2023.The Company has a positive outlook in the medium to long term after the Arbitral Tribunal issued the Consent Award to MCL on 13 December 2022, which will see ZESCO pay US$447 million to MCL by 31 August 2023.

There were no dividends declared during the year under review (2021: Nil).

Arbitration Proceedings against ZESCO

The Arbitral Tribunal issued the Consent Award on 13th December 2022. Through the settlement, MCL and ZESCO have agreed to irrevocably withdraw all their respective claims brought in the arbitration. The settlement has been recorded in the form of an enforceable final consent award signed and issued by the Arbitral Tribunal on 14th December 2022. The issuance of the final consent award ended the arbitration. The Consent Arbitral Award has since been registered in the High Court of Zambia for any further course of action that the claimants could pursue

The Consent Award provides that from the total unpaid arrears under the PPA and TA as at 31st October 2022 of US$ 578.06 million, ZESCO will pay to MCL the Agreed Settlement Amount of US$447.56 million after MCL agreed to give ZESCO a discount of US$60 million on the interest portion of the arrears and ZESCO agreed to take on the responsibility of the VAT due on the total arrears amounting to US$70.5 million.

Details of the Settlement as per Arbitration

As part of the Settlement ZESCO will pay 50 percent of the Agreed Settlement Amount being US$ 223.78 million as follows:

a. US$ 10 million to be paid no later than 29th December, 2022;

b. US$ 20 million to be paid by 31st March, 2023; and

c. the remainder by 30th April, 2023.

ZESCO shall pay the remaining balance of the Agreed Settlement Amount no later than 31st August 2023.

In addition, ZESCO shall continue to pay an additional US$ 750,000 every month towards liquidating the Agreed Settlement Amount.

Should ZESCO default on any of these payment terms, the entire amount outstanding at the time of default will become payable to MCL immediately.

ZESCO will indemnify MCL on demand for any liability on the VAT and any penalties and interest that may be paid by MCL in respect of the VAT.

ZESCO has, in the meantime, discharged a few payments as per the terms of the Award, leaving a balance amount of US$ 414.56 million to be paid under the Award, as of 31 March 2023.

There were no dividends declared during the year under review (2021: Nil).</td></tr>
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OPERATIONS REPORT (CONTINUED)

ASSOCIATE COMPANIES (CONTINUED)

S/N	PORTFOLIO COMPANY	2022 PERFORMANCE REVIEW
B	Associate Companies	
11	Konkola Copper Mines Plc (KCM)	KCM's challenges continued during the year as the fundamental problems surrounding the underdevelopment of the Konkola Deep Mining Project (KDMP) remained unresolved, resulting in the Company reporting low production from own sources and therefore having to rely on third-party copper concentrates to feed its Smelter. As a result, finished copper production was also negatively impacted. Due to the legal circumstances surrounding the mine, KCM continued to be under the control of the Provisional Liquidator. There were no dividends declared during the year under review (2021: Nil).
12	Kansanshi Mining Plc (Kansanshi)	2022 was an operationally challenging year for Kansanshi on two main fronts, geology and hydrology. As the mine has gone deeper and the oxides are depleted, grades have deteriorated from an average of 1.0% in 2021 to 0.6% through 2022. This has significantly affected recoveries of both copper and gold. Similarly, mining at depth has increased water levels in the pit at a faster than anticipated rate, which also slowed down production. The challenges above resulted in substantial production declines. Copper produced was 146,282 tonnes, a sharp drop from 202,159 tonnes in 2021. Similarly, gold for the year was 109,617 ounces, declining from 128,199 ounces in 2021. For the year ended 31 December 2022, Kansanshi recorded revenue of ZMW25.98 billion (US$1.52 billion)(2021: ZMW39.57 billion (US$2.01 billion)). Net profit over the period also substantially reduced to ZMW2.62 billion (US$153.93 million) from ZMW12.09 billion (US$614.26 million) in 2021. The S3 expansion, which involves the setting up of an additional brand-new concentrator to address the challenge of the depleting oxides that have led to a reduction in ore grades and ultimately production volumes as the mine goes deeper and transitions into a predominantly sulphide mine from an oxide mine is scheduled to commence in 2023. The new concentrator will ensure that the mine has sufficient capacity to process additional lower grade ore to produce desired copper and gold production volumes. On 1st December 2022, ZCCM-IH and First Quantum Minerals reached an agreement where some of ZCCM-IH's dividend rights would be converted to a 3.1% gross revenue life of mine royalty. The transaction is subject to the fulfilment of several conditions, including shareholder approval. It is expected to be completed in the first quarter of 2023. Dividends declared and paid during the year ended 31 December 2022 amounted to US$1.27 billion (2021: US$184 million).
13	Consolidated Gold Company of Zambia Limited (CGCZ)	Consolidated Gold Company of Zambia Limited (CGCZ) is a joint venture partnership between ZCCM-IH (45%) and Karma Mining Services and Rural Development (55%). Incorporated in the year 2020, this Special Purpose Vehicle is focused on developing a gold processing and trading hub in Zambia. During the year ended 31 December 2022, the Company produced 50.7kg (2021: 46.6kg) of gold majority of which was sold to Zambia Gold Company. Income for the year ended 31 December 2022 was ZMW50.81 million (2021: loss of ZMW 44.97 million). CGCZ recorded a loss for the year of ZMW8.76 million (2021: -ZMW10.22 million). Due to persistent lack of profits as a result of the Company's lack of control of the supply of gold feedstock, the ZCCM-IH Board approved a divestment from CGCZ. ZCCM-IH will still recover its initial investment of US$1.568 million over a period of three years.

OPERATIONS REPORT (CONTINUED)

ASSOCIATE COMPANIES (CONTINUED)

S/N	PORTFOLIO COMPANY	2022 PERFORMANCE REVIEW
B	Associate Companies	
14	Copperbelt Energy Corporation Plc (CEC)	During the year ended 31 December 2022, CEC reported total revenue of ZMW6.34 billion (US$374.44 million), (2021: ZMW6.74 billion (US$342.52 million)) and profit after tax of ZMW1.68 billion (US$98.71 million), (2021: ZMW1.01 billion (US$51.25 million)). The Bulk Supply Agreement between CEC and ZESCO that expired on 31 March 2020 was renewed after the year end on 7 April 2022. This delay negatively impacted the business' margins and performance. Nonetheless, CEC proved to be a resilient business and continued to thrive and diversify its operations in spite of the challenges faced. Further, CEC successfully contested Statutory Instrument (SI) No.57 of 2020 that declared its transmission and distribution lines as common carrier. The declaration was quashed by the high court and replaced by SI No. 24 of 2021. The court did not pronounce itself on the said SI, as the new government took the decision to repeal the SI No. 24 of 2021. This action has fully restored CEC's commercial rights over it's own infrastructure. For the year under review, the CEC share price opened at ZMW 1.10 per share and closed at ZMW 1.95. Based on the period-to- 30 September 2021 performance, CEC management did not budget for any dividend payment. However due to unexpected improvements in financial performance. The Company declared and paid a dividend of US$ 50.37 million with ZCCM-IH receiving US$ 10.3 million (2021: US$9 million).
15	Rembrandt Properties Limited	Rembrandt Properties Limited (Rembrandt) is a Special Purpose Vehicle between ZCCM-IH (49%), Urban Brands Asset Management (25.5%) and Sims Capital Ltd (25.5%). Rembrandt was specifically formed to develop the Leopards Square Hotel, a 74-key (room) hotel. In addition to ZCCM-IH equity contribution, the Company raised about US$2.2million in equity contribution from the other Shareholders and debt finance from ZANACO. The project faced several setbacks to completion among them, Covid-19 pandemic, delayed disbursement of loan proceeds and property redesign after the initial anchor tenant Food Lovers left the building. The building is about 95% complete; awaiting completion of the four (4) ground floor rooms, nine (9) upper deck rooms and a sky bar and circa US$200k to take the building to 100% completion. The project, nevertheless, went on soft opening to the general public on 1 June 2022 with conferences and the restaurant all kicking off at the same time as the hotel commenced operations. Since September 2022, the Tenant (Urban Hotel Lusaka) has been grossing an average of ZMW2.5 million per month from operating the property. There were no dividends paid during the year under review (2021: Nil).
16	Lubambe Copper Mine Limited	Lubambe Copper Mine Limited (Lubambe) reported total revenue of ZMW 2.38 billion (US$ 139.72 million) (2021: 2.9 billion (US$148.60 million)). Over the same period, the Company recorded a loss of ZMW1.83 billion (US$ 107.12 million), (2021: loss of ZMW1.81 billion (US$ 92.0 million)). Lubambe' s road to recovery was a challenging one for the period under review as problems of poor ground conditions, dewatering challenges, effectts of Covid-19 and high ore dilution persisted. Management changed its mining methods and mine plan following completion of the SRK technical report. Production performances improved in the second half of 2022. Lubambe produced 17,310 tonnes in payable copper against a budget of 20,955 tonnes. Subsequent to the year end, Lubambe announced the US$ 150 million investment by Kobold which shall be used for exploration activities for the Extension project, debt restructuring and operations of the business. The Extension project area shall be transferred into a new licence under a new company, Mlingomba Mining Limited. ZCCM-IH still retaining 20% in both existing mine license and new license for the Extension Project area. The transaction was completed subsequent to year end. Lubambe existing license has remaining life of the mine of circa 7 years and there is need to explore business opportunities. There were no dividends paid during the year under review (2021: Nil).

OPERATIONS REPORT (CONTINUED)

ASSOCIATE COMPANIES (CONTINUED)

S/N	PORTFOLIO COMPANY	2022 PERFORMANCE REVIEW
B	Associate Companies	
17	CNMC Luanshya Copper Mines Plc (CLM)	For the year ended 31 December 2022, CLM recorded revenue of ZMW 7.95 billion (US$ 466.26 million), (2021: ZMW 10.17 billion (US$ 516.69 million)). The drop in year-on-year revenue was attributable to a slight reduction in copper prices and production. CLM produced a total of 55,597 tonnes of copper for the year under review compared to copper output of 57,786 tonnes produced in the 2021 financial year. For the year ended 31 December 2022, the Company recorded a profit of ZMW1.68 billion (US$ 99.71 million) (2021: ZMW2.83 billion (US$ 143.71 million)). Due to the positive equity position, the Company declared dividends of ZMW 1.63 million (US$ 80 million) with ZMW 0.31 million (US$16 million) paid to ZCCM-IH (2021: Nil).

OTHER INVESTEE COMPANIES

SN	PORTFOLIO COMPANY	2022 PERFORMANCE REVIEW
C	Other Companies	
18	NFC Africa Mining Plc (NFCA)	For the year ended 31 December 2022, NFCA reported revenue of ZMW9.90 billion (US$548.46 million), (December 2021: ZMW 10.26 billion (US$616.23 million)) and profit after tax of ZMW 1.01 billion (US$56.01 million)(December 2021: ZMW 2.0 billion (US$119.69 million)). There were no dividends paid during the year ended 31 December 2022 (2021: Nil).
19	Chibuluma Mines Plc	Chibuluma remains on lease to LC & Y with no operations of its own as the life of mine has been depleted. The company received a total of US$ 0.26 million in royalty revenue against a budget of US$ 0.23 Million. The company is currently exploring potential areas that would be deemed viable for renewed mining and has engaged Kobold Metals of the USA to apply their advanced Artificial Intelligence technology to enhance chances of discovery.
20	Chambishi Metals Plc	During the period under review, Chambishi continued to be under care and maintenance due to lack of feedstock for the plant and other Strategic reasons. There were no dividends paid during the year under review (2021: Nil).

DR NDOBA VIBETTI

CHIEF EXECUTIVE OFFICER

CLIMATE RELATED FINANCIAL DISCLOSURES

The ZCCM-IH Plc's Board remains committed to the Company's progress in implementing our approach to climate change which aligns with our broader approach to responsible mining. Alongside our Annual Report, we are providing a summary report on approach and contribution to sustainable and responsible mining.

The Board recognizes the importance of maintaining a strategy that remains resilient to the risks and opportunities of the evolving energy transition and encourages to continue our focus on progressing towards achieving reduced net emissions in future.

These potential initiatives/opportunities range from renewable power purchases and on-site renewable power generation, through to energy storage systems, operational efficiency initiatives and electrification. Our carbon abatement initiatives have also advanced and during the period 2023 to the end of 2026, our planning includes partnering with stakeholders to set up at least one solar power plant to supply power to one of our mines. Once this is successfully set up, we intend to execute a Joint Venture energy investment vehicle with one of our stakeholders and to develop a large-scale renewable energy infrastructure to service the Copperbelt mining and industrial sectors. This initiative addresses the non-reliability of power supply in the Zambian copper belt area (power outage during dry seasons and costs) and reduces GHG emissions which will progressively position the Zambian mining sector, not only as a government revenues contributor, but also as sustainable source of energy.

As the world shifts from fossil fuels to other sources of energy and governments and consumers continue to embrace renewable energy, energy storage, electric vehicles and other decarbonising technologies, demand for the refined metals that enable these transitions is expected to keep growing. It is anticipated that the energy transition will be non-linear across time and geography. The global transition from fossil fuels to battery power will require metals such as copper, nickel, cobalt, vanadium, and zinc. The ZCCM-IH Plc 2023 – 2026 revised strategic plan recognises the low-cost transition metals, hence providing resources that will increase the portfolio of these metals which is well positioned to provide the commodities important to the decarbonisation of the global economy.

Across our business, we are prioritising investment in metals that support the low-carbon transition, we are cognisant of the fact that these commodities will need to be available in large amounts for the transition to progress. The cumulative copper deficit by 2030 is expected to increase, illustrating the opportunity for ZCCM-IH Plc's copper business. The current level of mining sources needs to increase to take advantage of the expected increase in demand, the 2023 -2026 strategic plan has also set aside resources for exploration activities inclusive of the low carbon minerals which points to our contribution to the energy transition necessary for global decarbonisation.

KEY DRIVERS OF OUR ENVIRONMENTAL APPROACH

Global Limit to Temperature Rise: Efforts to limit global temperature rises will impact fossil fuel demand increasing the momentum to decarbonise the global economy as nations are increasingly coordinating efforts aimed at reducing greenhouse gas emissions, including IEA's target of net zero emissions by the end of 2050.

The Paris Agreement aims to hold the increase of global average temperatures to well below 2°C above pre-industrial levels and to pursue efforts to limit temperature increase to 1.5°C above pre-industrial levels.

Higher commodity prices and resource scarcity increase the likelihood of mineral portfolio concentration: Widespread adoption of renewable energy sources as a means of decarbonising energy supply creates significant new demand for the current key enabling commodities, including copper, nickel, and cobalt.

The quantum of potential new demand is generally of a size that is large relative to the current annual production and known defined global resources of that commodity.

CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

Demand for the commodities we produce: Decarbonisation demand, population growth and industrialisation of developing economies has an impact on commodity demand. The industrialisation and urbanisation of developing economies over almost two decades has driven significant growth in commodity demand. China's rapid growth over this period now means that it accounts for up to half of global demand for many commodities. All potential decarbonisation pathways require significantly more non-fossil fuel commodities.

OUR RESPONSE TO THESE DRIVERS

We recognise our responsibility to contribute to the global effort to achieve the goals of the Paris Agreement by decarbonising our own operational footprint. We believe that our contribution should take a holistic approach and have considered our commitment through Joint Venture energy investment vehicles with one of our stakeholders and to develop a large-scale renewable energy infrastructure to service the Copperbelt mining and industrial sectors.

Energy transition metals/commodities such as copper, nickel, cobalt, zinc, and vanadium could become substantially more important given their role in the technologies / infrastructure that underpin low or no carbon energy sources. We are prioritising exploration activities towards these transition metals and diversification of our portfolio of metals, is likely to mitigate the financial impact of a negative demand shift in the event of substitution of a particular commodity. Our market research teams continue to assess the underlying demand for our commodities as well as the new materials that could impact current renewable technology solutions.

SUSTAINABILITY REPORT

Over the last five years, ESG and sustainability performance have moved to mainstream thinking for investors and stakeholders. The global paradigm shift towards this way of thinking about value creation and a greater than ever focus on organisational accountability, disclosure and transparency of environmental, social and governance (ESG) performance, is reshaping the mining landscape. This in turn is demanding a shift change from mere reporting practices to firmly embedding these issues into organisational culture, strategy and process. In this regard, ZCCM-IH is repositioning to align itself in this direction in order to create value and improve lives through sustainable and responsible investments by responsibly managing our environment, undertaking social investments and good governance practices.

We intend to start providing updates on our economic, health and safety, environmental and social issues, activities and performance that are of greatest interest, importance and impact to our internal and external stakeholders on local, regional and global levels.

Our Approach

ZCCM-IH is focused on delivering sustainable value for our people, all stakeholders and host communities, now and in the future. Delivering on our commitments is a key pillar of our business strategy. We believe the protection of the health and wellbeing of our people, environmental stewardship and being a catalyst for sustainable economic empowerment in our host communities are not just the right things to do, they create value for our business and all our stakeholders.

We believe that ESG has become the platform and criteria to evaluate and communicate broadly about sustainability practices, which is a business imperative and not just a nice thing to do. For us we consider that ESG is a more integrated and holistic perspective on a company's performance that not only encompasses but goes well beyond corporate responsibility. As such, we will endeavour to align the interest of shareholders and other stakeholders in a way we have never done historically. Guided by ESG, we will care about what the company is doing, about the footprint it leaves locally and how it is discharging the responsibilities of contractors, consultants, and others it employs. Through this lens, the decisions of the company will be geared to support financial resiliency as well as create sustainable value for the business and all its stakeholders. The chart below shows our four main objectives in this regard:

SUSTAINABILITY REPORT (continued)

As we look to fully integrate ESG strategy in all we do, we resolutely believe that we must deliver long-term value to all stakeholders, not just shareholders. This entails us operating responsibly and managing and mitigating our impacts on the wider environment, including the biophysical, social and cultural environment. We also believe that fundamental sustainability concepts such as building climate resilience, responsibly managing water use, protecting biodiversity and poverty eradication are inextricably linked and are best managed holistically.

At the foundation of our approach to holistic and integrated sustainability management is a robust ESG Policy and strategy we are developing. This will set out the steps we will take to deliver against the strategy and will commit us to support the socio-economic development of our host communities and the country at large.

In the interim, we are committed to:

- Full compliance with all relevant legislation and regulations including listing rules on the three stock markets our stock is listed: LuSE, Euronext Access and LSE.
- Effective management, with Board and Executive level oversight, of our social and environmental performance at both Group and Company level.
- Transparent communication and engagement in relation to our sustainability performance with internal and external stakeholders.
- Strive for continual improvement in our performance, with Board and Executive oversight of this performance.
- Moving forward, we will:
- Consider the social and environmental impacts of our operations in our decision-making. All new projects and significant modifications to existing operations must include environmental and social impact assessment studies and management plans.
- Respect the human rights of all individuals impacted by our operations, including employees, contractors and external stakeholders.
- Protect the health, safety and wellbeing of our employees.
- Support socio-economic development as an integral part of our contribution to local communities, including through the prioritisation of local workers and vendors.
- Be transparent in our relationships with host communities, government authorities, and the public and other key stakeholders.
- Conduct our business with integrity through our absolute opposition to corruption, and through requiring our contractors to conduct their businesses ethically and responsibly as a condition of doing business with us.

In carrying out this, we will:

- Establish environmental, social, health and safety management systems in line with international and industry best practice that help us identify and manage significant business risks and opportunities.
- Report on our performance annually using the relevant ESG frameworks for sustainability reporting.
- Train our employees and contractors about their responsibilities for ensuring the effective implementation of the ESG activities.
- Conduct periodic reviews of our performance against these activities to ensure it addresses the needs of our host communities in which we operate, and to ensure we fulfil our commitments.

The ESG Policy and strategy being finalised will be applicable to the entire workforce of ZCCM-IH and its subsidiaries.

We prioritise human capital

The long-term sustainability of our firm is heavily dependent on our people. We make a deliberate effort to unify culture, encourage innovation, ensure that we are developing, retaining, and recruiting the best talent, align employee incentives and risk taking with those of the firm, and to incorporate inclusion and diversity into all levels of our business. We are also committed to protecting human rights, which we do through policies that seek to provide equal treatment and are dedicated to providing a safe and healthy working environment for all employees.

SUSTAINABILITY REPORT (continued)

Social sustainability

Pursuant to our commitment to our stakeholders, ZCCM-IH makes concerted investments in the host communities where we operate (as a company, as a Group and our investee associates), through our community enhancement initiatives, local procurement opportunities and the stakeholder agreements concluded with our host governments, host communities, local entrepreneurs and employees among others.

Long term

We appreciate the long-term, shared value yielded by sustainable development, as well as the organisational benefits, which include risk reduction, greater shareholder demand, improved valuation, and an advantageous cost of capital. We therefore welcome the opportunity to embrace exemplary ESG practices as an integral part of our culture, core purpose and strategy.

We recognize that maintaining our social license to operate is dependent upon our ability to honour our commitments and improve our ESG integration and performance. We perceive good governance as a competitive advantage, and we strive to maintain the highest standards of ethics, corporate governance, honesty, and accountability in all that we do. We believe that the foundations of corporate citizenship and respect for human rights are essential drivers of the pursuit of the underlying business objective of building shared value. As such, we embrace an intrinsic sense of respect for fundamental human rights, and affirm our commitment to prevent, mitigate and remediate negative human rights impacts. We are committed to aligning our operations with universal principles on human rights, labour, environment, and anti-corruption, and to take actions that advance societal goals.

We are determined to build our repute that showcases and establishes ZCCM-IH as a leading example of responsible environmental stewardship, transformative social performance, and ethical, transparent governance in Zambia in the mining space.

ZCCM-IH will strive to push the envelope of our ESG agenda, reaffirm our commitment to all our stakeholders and look forward to a bright future of shared prosperity. Our aim is to take action to contribute to a more equitable, financially resilient future for all.

ZCCM-IH's environmental related activities continued to be managed through the wholly owned subsidiary, Misenge Environmental and Technical Services Limited (METS). Some of the major activities undertaken by METS during the year included the following:

Routine Radiation Surveillance of the Radiation Waste Storage Building (RWSB) and the Uranium Tailings Engineered Disposal Cell (UTEDC) continued throughout the year. This is a statutory requirement by the Radiation Protection Authority to ensure compliance.

Routine monitoring of environmental liabilities in Chingola (OB4, OB18, OB19, Mimbula Overburden Dumps), Kitwe (OB53) on the Copperbelt Province and Kabwe (Open Pit No, 5 and 6) in Central Province continued throughout the year.

Routine monitoring of environmental liabilities in Mufulira district on the Copperbelt Province were discontinued in March 2020 following the transfer of TD8 and TD10 to the Ministry of Mines and Minerals Development.

Monitoring of children affected by lead poisoning continued through the Integrated Case Management (ICM) activities in Kabwe. This included medical reviews and where necessary clinical assessment at clinics in Makululu, Kasanda and Chowa Health Centres. Other activities involved home visitations and environmental assessments at homes in the lead affected areas to investigate the causes of persistently high lead levels in blood in some children.

SUSTAINABILITY REPORT (continued)

Sampling of underground water effluent from the Ore Shaft at the former ZCCM Ltd Kabwe Mine to test for statutory compliance in terms of water quality continued during the period under review. All parameters were found to be in compliance to ZEMA industrial water effluent standards.

During the period review, security surveillance at the Radioactive Waste Storage Building in Kalulushi continued. ZCCM-IH installed three additional cameras in a bid to improve on technological security in order to deter unauthorised personnel entry and eliminate threats to national and global security.

METS engaged the contractor in charge of the security at the RWSB to ensure that the newly installed cameras were configured to the existing system to operationalize them. However, the recommendation from the contractor engaged by Golden Security Services (GSS) of South America is that ZCCM-IH should have its own system to run the cameras.

Following the submission of the Resettlement Action Plan (RAP) implementation reports to ZEMA for review and clearance in 2021, ZEMA expressed satisfaction with the implementation of the Kabundi RAP. However, the Agency expressed concern on the two Project Affected Persons (PAPs) who were yet to be resettled and compensated (one could not be identified and the other one was sitting on state land). ZEMA had directed that during the period under review, ZCCM-IH should ensure that the two PAPs were compensated. ZCCM-IH made every effort and one PAP was located and compensated while the other one could still not be found despite the compensation package being ready.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The Companies Act, 2017 of Zambia requires the Directors to prepare the consolidated and separate annual financial statements for each financial year that give a true and fair view of the state of affairs of the Group and Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Group and Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and Company. They are also responsible for safeguarding the assets of the Group and Company. The Directors are further required to ensure the Group and Company 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 consolidated and separate annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity 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.

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

The Directors are of the opinion that the consolidated and separate annual financial statements set out on pages 56 to 183 give a true and fair view of the state of the financial affairs of the Group and Company 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.

We draw your attention to Note 4a of these financials which indicate that during the year ended 31 December 2022, the Group made a loss for the year of ZMW3,785 million (2021: loss for the year ofZMW12,573 million). As of 31 December 2022, the Group had accumulated loss of ZMW11,936 million (2021: retained loss of ZMW8,307 million). At the date of reporting the Group current assets exceeded its current liabilities by ZMW 1,328 million (2021: ZMW 2,065 million), and its total assets exceed total liabilities by ZMW 7,909 million (2021: ZMW 12,809 million).

Furthermore, Mopani Copper Mines Plc, the group's most significant subsidiary has material uncertainty on going concern on account of operating losses and the need for funding to meet working capital and core capital requirements. In addition, the majority of the Group's non-current liabilities relate to borrowings of Mopani. The loan is guaranteed by ZCCM-IH and if Mopani fails to pay back the loan, ZCCM-IH would be required to fulfil the loan obligations refer to note 4 (a) for details.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. There was no material non- compliance matter identified and the Group and Company are able to pay its liabilities as when the fail due . Therefore, the Directors consider the going concern basis of preparation to be appropriate for at least twelve months from the date of these annual financial statements.

Other than the above, nothing has come to the attention of the Directors to indicate that the Group and Company 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,

Dr. Ndoba Vibetti

DATE: 25 August 2023

Mr. Kakenenwa Muyangwa

DATE: 25 August 2023

Independent auditor's report

Report on the audit of the Consolidated and separate annual financial statements

Our Opinion

In our opinion, the consolidated financial statements of ZCCM Investments Holdings Plc(the "Company") and its subsidiaries (together the "Group") give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards 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

ZCCM Investments Holdings Plc's consolidated and separate annual financial statements on pages 56 to 183 comprise:

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

Basis for 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 consolidated and separate 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, PwC Place, Stand No 2374, Thabo Mbeki Road, P.O. Box 30942, Lusaka, Zambia
T: +260 (0) 211 334000, F: +260 (0) 211 256474, www.pwc.com/zm

Material Uncertainty Relating to Going Concern

We draw attention to note 4a in the annual consolidated financial statements, which indicate that the Group incurred a loss before tax of ZMW3.5 billion during the year ended 31 December 2022 and, as of that date, the Group had accumulated losses of ZMW 11.9 billion. Furthermore, as stated in Note 4a, the group's most significant subsidiary has operating losses and needs funding to meet working capital and core capital requirements. These events or conditions, along with other matters as set forth in Note 4a, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of non current assets (Property, plant and equipment, Investment in associates and financial assets) Refer to Note 4: Use of estimates and judgements, Note 17: Property, plant and equipment, Note 24 (d): Valuation of investment in associates, and Note 25: Financial instruments at fair value through profit and loss The Group's property, plant and equipment (PP&E) carrying value was ZMW12.4 billion as of 31 December 2022 covering multiple cash generating units (CGUs) of the Group. Furthermore, investments in associates amounting to ZMW15.1 billion stated in the Company's financial statements. The above stated balances represented 78% of the total non-current assets. We considered this a key audit matter due to the significance of the balances stated above and subjectivity in applying procedures to evaluate audit evidence relating to the significant judgments made by management in its assessment of indicators of impairment.	We evaluated management's assessment of indicators of impairment, which included the following: • We held discussions with management on the Life of Mine Models (LOM) to understand how management views the technological changes, efficiency impact, and regulatory changes (Taxes and Electricity), and related impact; • Assessed changes in LOM commodity prices and discount rates, by comparing to external market and industry data and changes in production, operating costs and capital expenditures by considering the current and past performance of the CGUs and evidence obtained in other areas of the audit, as applicable; • Assessed the competence of management's experts used in reviewing the LOM model by checking their independence, membership status and level of qualification; • Assessed the completeness of external or internal factors that could be considered as indicators of impairment of the Company's PP&E, by considering evidence obtained in other areas of the audit. • For investments valued using the market approach, we agreed the prices of the listed shares to the Lusaka Securities Exchange lists. • For investments in associates we do not directly audit, we engaged their auditors and reviewed their work papers. • We reviewed the disclosures made on the assumptions and the sensitivities which draw attention to the more significant areas of judgment sensitive to change.

Other information

The Directors are responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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.

Responsibilities of the Directors for the consolidated and separate annual financial statements

The Directors are responsible for the preparation of the consolidated and separate 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 consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate 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 consolidated and separate 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 consolidated and separate annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate annual financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.

Report on the audit of the consolidated and separate annual financial statements (continued)

- 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 consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. 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 consolidated and separate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate 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 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 relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Companies Act, 2017 of Zambia

The Companies Act, 2017 of Zambia requires that in carrying out our audit of ZCCM Investments Holdings 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 or Company Officer (a director, group or Company secretary or executive officer of the group or company), the Group or 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 Charity Mulenga.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Lusaka

Date: 8th September 2023

Charity Mulenga
Practicing Certificate Number: AUD/F000945
Partner signing on behalf of the firm

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 ZMW'000	2021 ZMW'000
Assets			
Property, plant and equipment	17	12,484,907	12,857,452
Exploration and evaluation asset	18	51,437	38,989
Intangible assets	19	3,148,325	3,212,334
Investment property	21	200,751	192,227
Investment in associates	24	15,174,862	17,067,159
Financial assets at fair value through profit or loss	25	1,252,400	1,458,000
Trade and other receivables	27	2,931,539	1,330,438
Environmental Protection Fund	28	94,433	87,130
Deferred income tax assets	36	122,852	340,848
Total non-current assets		**35,461,506**	**36,584,577**
Inventories	26	4,921,366	4,651,886
Trade and other receivables	27	762,831	3,264,975
Term deposit	29	5,340,202	653,742
Cash and cash equivalents	30	329,173	184,625
		11,353,572	**8,755,228**
Assets held for sale	22	2,103,761	1,478,611
Total current assets		**13,457,333**	**10,233,839**
Total assets		**48,918,839**	**46,818,416**
Equity			
Share capital	33(i)	1,608	1,608
Share premium	33(iii)	2,089,343	2,089,343
Other reserves	34	17,800,836	19,045,488
Accumulated losses		(11,936,251)	(8,306,818)
Equity attributable to shareholders		**7,955,536**	**12,829,621**
Non-controlling interest		**(46,729)**	**(20,716)**
Total equity		**7,908,807**	**12,808,905**
Liabilities			
Borrowings	**35**	**27,476,859**	**24,546,001**
Retirement benefits	37	182,940	96,287
Provisions for environmental rehabilitation	38	1,221,068	1,198,814
Total non-current liabilities		**28,880,867**	**25,841,102**
Borrowings	35	864,411	797,566
Bank Overdraft	30	688,120	70,449
Trade and other payables	31	7,451,177	4,796,508
Provisions	32	487,689	378,746
Current income tax liabilities	14	190,143	202,563
Retirement benefits	37	139,131	244,001
		9,820,671	**6,489,833**
Liabilities directly associated with assets classified as held for sale	22	2,308,494	1,678,576
Total current liabilities		**12,129,165**	**8,168,409**
Total liabilities		**41,010,032**	**34,009,511**
Total equity and liabilities		**48,918,839**	**46,818,416**

The notes on pages 65 to 183 are an integral part of these consolidated and separate financial statements. The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25th August, 2023 and signed on its behalf by:

....

Director *Director*

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022 ZMW'000	31 December 2021 ZMW'000
Assets			
Property, plant and equipment	17	90,471	78,439
Intangible assets	19	3,377	2,537
Investment property	21	200,751	192,227
Investments in subsidiaries	23	405,051	327,939
Investment in associates	24	16,256,411	20,603,089
Financial assets at fair value through P&L	25	1,252,400	1,458,000
Trade and other receivables	27	958,162	676,478
Deferred income tax asset		258,966	468,109
Total non-current assets		**19,425,589**	**23,806,818**
Inventories	26	16,427	22,034
Trade and other receivables	27	173,829	197,844
Term deposits	29	5,340,202	632,992
Cash and cash equivalents	30	45,586	81,498
		5,576,044	934,368
Assets held for sale	22	145,700	430,977
Total current assets		**5,721,744**	**1,365,345**
Total assets		**25,147,333**	**25,172,163**
Equity			
Share capital	33(i)	1,608	1,608
Share premium	33(iii)	2,089,343	2,089,343
Other reserves	34	15,191,294	19,417,205
Retained earnings		7,397,607	3,224,038
Equity attributable to shareholders		**24,679,852**	**24,732,194**
Liabilities			
Retirement Benefit Obligations	37	9,275	10,256
Provisions for environmental rehabilitation	38	39,357	79,931
Non-current liabilities		**48,632**	**90,187**
Borrowings	35	-	1,135
Trade and other payables	31	121,005	116,883
Provisions	32	108,686	29,528
Current income tax liabilities	14	189,158	202,236
Current liabilities		**418,849**	**349,782**
Total liabilities		**467,481**	**439,969**
Total equity and liabilities		**25,147,333**	**25,172,163**

The Company financial statements were approved and authorised for issue by the Board of Directors on 25Th August 2023 and signed on its behalf by:

....

Director ***Director***

The notes on pages 65 to 183 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 ZMW'000	2021 ZMW'000
Continuing operations			
Revenue from contracts with customers	7	11,959,354	14,395,493
Net interest Income from loans and advances/ Financial Instruments			
Financial Instruments		110,779	138,272
Fees and commissions		39,998	32,441
Cost of sales	11	(14,709,114)	(14,231,033)
Gross (loss)/profit		**(2,598,983)**	**335,173**
Net investment income	8	47,893	13,042
Other income	9	189,238	236,722
Fair value adjustment on financial asset at fair value through profit or loss	25	(205,600)	1,166,000
Impairment of goodwill on acquisition	23(ii)	-	(14,851,790)
Net impairment losses/(recovery) on financial assets	10	(8,131)	63,317
Administration expenses	11	(749,743)	(1,740,199)
Operating loss		**(3,325,326)**	**(14,777,735)**
Finance income	13	452,441	482,706
Finance costs	13	(2,266,287)	(1,348,751)
Net finance costs	**13**	**(1,813,846)**	**(866,045)**
Share of profit of equity-accounted investees, net of tax	24(a)	1,603,143	3,004,542
Loss before income tax		**(3,536,029)**	**(12,639,238)**
Income tax credit/(expense)	14	(249,504)	66,476
Loss for the year		**(3,785,533)**	**(12,572,762)**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation surplus on transfer of property, plant and equipment	17	12,480	-
Deferred income tax on revaluation reserve	36	(3,746)	-
Remeasurements of post-employment benefit obligations	37	204,217	(105,270)
Deferred income tax on post-employment benefit obligations	36	(28)	(1,297)
Equity-accounted investees- share of other comprehensive income	24	11,123	52,304
		224,046	**(54,263)**
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - equity - accounted investees	24(a)	1,361,754	(4,384,250)
Foreign currency translation differences - equity - subsidiaries investees	34	(2,615,140)	8,867,760
		(1,253,386)	**4,483,510**
Other comprehensive income, net of tax		**(1,029,340)**	**4,429,247**
Total comprehensive income		**(4,814,873)**	**(8,143,515)**
Loss attributable to:			
Owners of the Company		(3,759,520)	(12,576,411)
Non-controlling interests		(26,013)	3,649
Loss for the year		**(3,785,533)**	**(12,572,762)**
Total comprehensive income attributable to:			
Owners of the Company		(4,788,860)	(8,147,163)
Non-controlling interests		(26,013)	3,648
Total comprehensive income		**(4,814,873)**	**(8,143,515)**
Earnings per share			
Basic and diluted earnings per share (ZMW)	**15**	**(23.54)**	**(78.19)**

The notes on pages 65 to 183 are an integral part of these consolidated and separate financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 ZMW'000	31 December 2021 ZMW'000
Investment income	8	4,916,309	968,137
Revenue from contracts with customers	7	778	79,837
Cost of sales	11	(2,130)	(77,707)
Other income	9	88,203	35,581
Fair value adjustment on financial asset at fair value through profit or loss	25	(205,600)	1,166,000
Net impairment losses/(recovery) on financial assets	10	(543)	42,816
Administration expenses	11	(742,731)	(372,917)
Operating profit		**4,054,286**	**1,841,747**
Finance income	13	446,047	75,229
Finance costs	13	(5,284)	(327,216)
Net finance income/(cost)	**13**	**440,763**	**(251,987)**
Profit before tax		**4,495,049**	**1,589,760**
Income tax expense/(credit)	14	(236,321)	86,158
Profit for the year		**4,258,728**	**1,675,918**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation surplus on property, plant and equipment	17	12,480	-
Deferred income tax on revaluation reserve	36	(3,746)	-
Remeasurements of post-employment benefit obligations	37	94	3,705
Deferred income tax on remeasurements of post-employment benefit obligations	36	(28)	(1,297)
Fair value change in Investments in subsidiaries measured at fair value through other comprehensive income	22/23	112,033	4,624
Fair value change in Investments in associates measured at fair value through other comprehensive income	24	(4,346,678)	(63,717)
Other comprehensive income, net of tax		**(4,225,845)**	**(56,685)**
Total comprehensive income		**32,883**	**1,619,233**
Earnings per share			
Basic and diluted earnings per share (ZMW)	**15**	**26.48**	**10.42**

The notes on pages 65 to 183 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

ZMW'000	Note	Share capital	Share premium	Revaluation reserve	Translation reserve	Non-controlling interests	Retained earnings	Total
Balance at 1 January 2021		**1,608**	**2,089,343**	**269,106**	**14,292,014**	**(24,365)**	**4,376,711**	**21,004,417**
Loss for the year		-	-	-	-	3,649	(12,576,411)	(12,572,762)
Other comprehensive income								
On acquisition of subsidiary		-	-	-	-	-	-	-
Currency translation – equity accounted investees	24	-	-	-	(4,384,250)	-	-	(4,384,250)
Currency translation of foreign denominated subsidiaries		-	-	-	8,867,760			8,867,760
Remeasurements of post-employment benefit obligations	37	-	-	-	-	-	(105,270)	(105,270)
Share of associates other comprehensive income	24	-	-	-	-	-	52,304	52,304
Deferred tax on remeasurements of post-employment benefit obligations	36	-	-	-	-	-	(1,297)	(1,297)
Total comprehensive income		**-**	**-**	**-**	**4,483,510**	**3,649**	**(12,630,674)**	**(8,143,515)**
Transfer of excess depreciation		-	-	(221)	-	-	221	-
Deferred tax on transfer of excess depreciation		-	-	66	-	-	-	66
Deferred tax on transfer of excess depreciation	36	-	-	1,013	-	-	-	1,013
Transaction with owners of the Company – Distributions								
Dividends		-	-	-	-	-	(53,076)	(53,076)
Balance at 31 December 2021		**1,608**	**2,089,343**	**269,964**	**18,775,524**	**(20,716)**	**(8,306,818)**	**12,808,905**
Loss for the year		-	-	-	-	(26,013)	(3,759,520)	(3,785,533)
Other comprehensive income								
Currency translation – equity accounted investees	24(a)	-	-	-	1,361,754	-	-	1,361,754
Currency translation of foreign denominated subsidiaries		-	-	-	(2,615,140)	-	-	(2,615,140)
Revaluation surplus on property plant and equipment		-	-	12,480	-	-	-	12,480
Deferred tax on revaluation reserve		-	-	(3,746)	-	-	-	(3,746)
Remeasurements of post-employment benefit obligations	37	-	-	-	-	-	204,217	204,217
Share of associates other comprehensive income	24(a)	-	-	-	-	-	11,123	11,123
Deferred tax on remeasurements of post-employment benefit obligations	36	-	-	-	-	-	(28)	(28)
Total comprehensive income		**-**	**-**	**8,734**	**(1,253,386)**	**(26,013)**	**(3,544,208)**	**(4,814,873)**
Transaction with owners of the Company – Distributions								
Dividends		-	-	-	-	-	(85,225)	(85,225)
Balance at 31 December 2022		**1,608**	**2,089,343**	**278,698**	**17,522,138**	**(46,729)**	**(11,936,251)**	**7,908,807**

Retained earnings are the brought forward recognised income, net of expenses, of the Group plus current period profit or loss attributable to shareholders.
The notes on pages 65 to 183 are an integral part of these consolidated and separate financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital	Share Premium	Revaluation reserve	Fair value reserve	Retained earnings	Total
		ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Balance at 1 January 2021		1,608	2,089,343	19,892	19,455,548	1,598,567	23,164,958
Profit for the year		-	-	-	-	1,675,918	1,675,918
Other comprehensive income							
Change in fair value of investments in subsidiaries	23	-	-	-	4,624	-	4,624
Change in fair value of investments in associates	24	-	-	-	(63,717)	-	(63,717)
Remeasurements of post-employment benefit obligations	37	-	-	-	-	3,705	3,705
Deferred tax on remeasurements of post-employment benefit obligations					-	(1,297)	(1,297)
Total comprehensive income		**-**	**-**	**-**	**(59,093)**	**1,678,326**	**1,619,233**
Transfer of excess depreciation		**-**	**-**	(221)	-	221	**-**
Deferred tax on transfer of excess depreciation	36	-	-	1,079	-	-	1,079
Transactions with owners of the Company – distributions							
Dividends		**-**	**-**	**-**	**-**	**(53,076)**	**(53,076)**
Balance at 31 December 2021		**1,608**	**2,089,343**	**20,750**	**19,396,455**	**3,224,038**	**24,732,194**
Profit for the year		**-**	**-**	**-**	**-**	**4,258,728**	**4,258,728**
Other comprehensive income							
Revaluation surplus on property plant and equipment		**-**	**-**	**12,480**	**-**	**-**	**12,480**
Deferred tax on revaluation surplus	36	-	-	(3,746)	-	-	(3,746)
Change in fair value of investments in subsidiaries	23	-	-	-	112,033	-	112,033
Change in fair value of investments in associates	24	-	-	-	(4,346,678)	-	(4,346,678)
Remeasurements of post-employment benefit obligations	37	-	-	-	-	94	94
Deferred tax on remeasurements of post-employment benefit obligations						(28)	(28)
Total comprehensive income		**-**	**-**	**8,734**	**(4,234,645)**	**4,258,794**	**32,883**
Transactions with owners of the Company – distributions							
Dividends		**-**	**-**	**-**	**-**	**(85,225)**	**(85,225)**
Balance at 31 December 2022		**1,608**	**2,089,343**	**29,484**	**15,161,810**	**7,397,607**	**24,679,852**

Retained earnings are the carried forward recognised income, net of expenses, of the Company plus current period profit or loss attributable to shareholders.

The notes on pages 65 to 183 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 ZMW'000	2021 ZMW'000
Cash flows from operating activities			
Loss before tax		**(3,536,029)**	**(12,639,238)**
Adjustments for:			
Depreciation	17,18	1,769,302	1,469,278
Amortisation	19	66,813	72,680
Profit/(loss) on disposal of property, plant and equipment	11(9)	22	(738)
Interest income from related parties and term deposits	8,13	(351,898)	(303,189)
Interest expense	35	1,523,989	701,512
Exchange difference on borrowings		-	(33,077)
Impairment of goodwill on acquisition of a subsidiary		-	14,851,790
Impairment of assets		339	-
Gain on debt write off		(3,995)	-
Change in fair value on financial assets at fair value through profit or loss	25	205,600	(1,166,000)
Fair value change on investment property	21	(8,465)	(5,337)
Defined benefits expense	37	168,173	82,614
Share of profit of equity – accounted investees, net of tax	24	(1,603,143)	(3,004,542)
Unrealised foreign currency gain		39,851	37,397
		(1,729,441)	**63,150**
Change in:			
Inventories		(269,480)	(875,840)
Trade and other receivables		1,128,978	(1,920,773)
Trade and other payables and provisions		2,227,309	3,123,172
Assets and liabilities held for sale		59,245	51,791
Provision for environmental rehabilitation		(20,977)	124,500
Cash generated from operating activities		**1,395,634**	**566,000**
Interest paid	35	(14)	(11,573)
Tax paid	14	(46,217)	(39,949)
Retirement benefit paid	37	(7,340)	(4,212)
Dividends paid		(85,225)	(53,076)
Net cash from operating activities		**1,256,838**	**457,190**
Cash flows from investing activities			
Interest received	8,13	253,191	235,128
Dividend received	24	4,868,317	956,437
Acquisition of property and equipment	17	(1,338,234)	(809,933)
Acquisition of intangible assets	19	(2,804)	(2,808)
Proceeds on disposal of property, plant and equipment		3,069	937
Acquisition of investment property	21	(59)	(2,973)
Cash from acquisition of subsidiary		-	6,337
Cash from asset write off		(3)	-
Investments in exploration and evaluation asset	18	(3,794)	(26,939)
Proceeds from term deposits	29	653,742	194,369
Investments in term deposits	29	(5,340,202)	(653,742)
Net cash used in investing activities		**(906,777)**	**(103,187)**
Cash flows from financing activities			

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 *(CONTINUED)*

	Notes	2022 ZMW'000	2021 ZMW'000
Repayment of borrowings	35	(698,833)	(402,694)
Net cash used in financing activities		**(698,833)**	**(402,694)**
Net decrease in cash and cash equivalents		**(348,772)**	**(48,691)**
Effects of translation of cash and cash equivalents		(28,538)	(2,816)
Effect of movement in exchange rates on cash held		(39,851)	(37,397)
Cash and cash equivalents at 1 January		**336,101**	**425,005**
Cash and cash equivalents at 31 December	30	**(81,060)**	**336,101**
Included in the statement of financial position		(358,947)	114,176
Included in assets held for sale	22	277,887	221,925
Cash and cash equivalents at 31 December		**(81,060)**	**336,101**

The notes on pages 65 to 183 are an integral part of these consolidated and separate financial statement

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 ZMW'000	2021 ZMW'000
Cash flows from operating activities			
Profit before tax		**4,495,049**	**1,589,760**
Adjustments for:			
Depreciation	17	12,005	12,565
Amortisation	19	1,816	978
Profit/(loss) on disposal of property, plant and equipment	9(a)	22	(248)
Fair value changes of financial assets at fair value through profit or loss	25	205,600	(1,166,000)
Impairment of investments in subsidiaries	22(a)/23	418,821	-
Defined benefits expense	37	3,154	4,979
Fair value change on investment property	21	(8,465)	(5,337)
Interest expense	35	14	8,872
Exchange difference on borrowings		-	(33,077)
Interest receivable on loan and held to maturity investments	13,8	(145,334)	(84,538)
Unrealised foreign currency gain		39,851	37,397
		5,022,533	**365,351**
Change in:			
Inventory		5,607	(8,291)
Trade and other receivables		(158,962)	450,318
Trade and other payables		4,122	14,333
Provisions		79,158	(90,188)
Assets held for sale		(12,244)	(38,620)
Provision for environmental rehabilitation		(40,574)	13,336
Cash generated from operating activities		**4,899,640**	**706,239**
Interest paid		(14)	(11,573)
Tax paid	14	(44,030)	(30,840)
Dividends paid		(85,225)	(53,076)
Retirement benefit paid	37	(4,041)	(1,810)
Net cash from (used in) operating activities		**4,766,330**	**608,940**
Cash flows from investing activities			
Interest received	13,8	46,627	16,477
Acquisition of property, plant and equipment	17	(13,370)	(12,150)
Acquisition of intangible assets	19	(2,656)	(2,766)
Acquisition of investment property	21	(59)	(2,973)
Proceeds on disposal of property, plant and equipment		1,791	445
Proceeds from term deposits	29	632,992	194,369
Investments in term deposits	29	(5,340,202)	(632,992)
Acquisition of investments in subsidiary	23	(86,379)	(46,637)
Net cash flows (used in)/from investing activities		**(4,761,256)**	**(486,227)**
Cash flows from financing activities			
Repayment of borrowings	35	(1,135)	(124,457)
Net cash used in financing activities		**(1,135)**	**(124,457)**
Increase/(decrease) in cash and cash equivalents		3,939	(1,744)
Effect of movement in exchange rates on cash held		(39,851)	(37,397)
Cash and cash equivalents at 1 January		81,498	120,639
Cash and cash equivalents at 31 December	**30**	**45,586**	**81,498**

The notes on pages 65 to 183 are an integral part of these consolidated and separate financial statements

NOTES TO THE FINANCIAL STATEMENTS

in thousands of Kwacha

1. Reporting entity

ZCCM Investments Holdings Plc (the "Company" or "ZCCM – IH") is domiciled in Zambia. The Company's registered office is at Stand No. 16806, Alick Nkhata Road, Mass Media Complex Area, P.O Box 30048, Lusaka. These consolidated annual financial statements comprise the Company, its subsidiaries and investments in associates (together referred to as the 'Group'). The principal activity of the Company is to manage the Zambian Government's stake in the mining sector, as the Zambian Government through the Industrial Development Corporation (IDC), is the principal shareholder of the Company.

The Company's shares are listed on the Lusaka Securities Exchange (LuSE), the London Stock Exchange and Euronext.

2. Basis of preparation

The Consolidated annual financial statements are prepared in compliance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The Consolidated annual financial statements are presented in Zambian Kwacha (ZMW), rounded to the nearest thousand. In accordance with the Companies Act, 2017 of Zambia, the annual financial statements for the year ended 31 December 2022 have been approved for issue by the Directors. Reference to "*annual financial statements*" in this report refers to the Consolidated annual financial statements.

The preparation of Consolidated annual financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires the Directors to exercise 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 Consolidated annual financial statements are disclosed in Note 4.

3. Functional and presentation currency

These Group and Company annual financial statements are presented in Zambian Kwacha. The functional currency for the Company is Zambian Kwacha. All amounts presented in Kwacha have been rounded to the nearest thousand, unless otherwise indicated.

Several of the Company's equity investments prepare financial statements in US Dollars, which is their functional currency, due to the nature of the industry in which they operate. This has resulted in a foreign currency translation reserve at the consolidated level. More detail is included in note 23 and 24.

4. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's and Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4. Use of estimates and judgements

a. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements are included in:

- **Note 17 – impairment of property, plant and equipment.**

  In assessing impairment of property, plant and equipment management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Assets amounting to ZMW 339,000 were impaired during the year.

  At 31 December 2022, the Group recorded the equity value of ZMW7.9 billion (2021: ZMW12.8 billion) which is higher than the market value of ZMW 5.7 billion (2021: ZMW 5.7 billion). Management has determined that the disparity in value between the recorded equity and the market value is not indicative of the impairment of Group or company assets. Further management has assessed that the stock market is still growing with limited market activity therefore not reflective of the Company or Group value.

- **Going Concern Assumption**

  These financial statements have been prepared on a going concern basis.

  During the year ended 31 December 2022, the Group made a loss after tax of ZMW3.79 billion (2021: ZMW12.57 billion). As of 31 December 2022, the Group had accumulated loss of ZMW11.94 billion (2021: ZMW8.31 billion). As of that date the groups current assets exceeded current liabilities by ZMW1.33 billion (2021: ZMW2.07 billion) and total assets exceeded total liabilities by ZMW7.91 billion (2021: 12.81 billion.

  Furthermore, Mopani Copper Mines Plc ("MCM" or "Mopani"), the group's most significant subsidiary has material uncertainty on going concern on account of operating losses and the need for funding to meet working capital and core capital requirements. In addition, the majority of the Group's non-current liabilities relate to borrowings of Mopani. The loan is guaranteed by ZCCM-IH and in the event that Mopani fails to pay back the loan, ZCCM-IH would be required to fulfil the loan obligations. Currently, Mopani has been servicing the facility in line with the repayment as set out under note 35 of the report. There are no compliance issues identified

  These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

  The Directors consider the going concern basis of preparation to be appropriate based on the mitigating factors below:

  Mitigating factors

  - ZCCM-IH has secured working capital funding for Mopani amounting to K950 million (US$ 43 million) from various financial institutions.
  - Management's recent change of shareholder agreements in 2022 with certain investee companies i.e., Kansanshi Mining PLC, from dividend model to royalty model. This agreement is expected to result into more cashflows for the group, at an annual average receipts of ZMW1.06 billion (US$48 million), spanning over a 25 year estimated life of mine from 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4. Use of estimates and judgements *(Continued)*

a. Judgements *(continued)*

- The management and Board of ZCCM-IH have been working with a team of consultants, Rothschild & Co., South Africa (Pty) Ltd ("Rothschild & Co.") to assist ZCCM-IH with the strategic review of Mopani Copper Mines Plc ("MCM" or "Mopani") to ensure its sustainability and continued development. In 2011, Mopani embarked on expansion projects to sink new deeper, higher capacity and economical shafts to access the resource in the deep areas that would otherwise not have been easily and economically available. These projects are at various stages of completion and are expected to increase the Life of Mine (LOM) by at least 25 years.
- The Group has engaged consultants to support the process of raising capital of ZMW 7.72 billion (US$ 350million) to complete the expansion projects and so far the work is in advanced stages and as of July 2023, ZCCM-IH the ultimate parent entity, the Zambian Government indicated to have shortlisted potential bidders and aim to complete the selection process in 2023. Once the expansion projects are completed, the Group will be able to ramp up its production and achieve profitable, efficient, and sustainable operations which will result in the Group recording profits by 2026 to 2028, if copper prices range between US$6,500 and US$8,400 per tonne. Copper prices as at December 2022 was US$ 8,386 per tonne.

The Directors have therefore formed a judgement that the Going concern assumptions remains applicable to the Group and Company for at least 12 months from the signing date of the financial statements.. This basis assumes that the funds will be available to finance future operations, and that the realisation of the assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

- **Note 22 – Assets held for sale.**

  Management has continued to classify Investrust Bank Plc and Mushe Milling as entities held for sale despite the sale not happening within 12 months from the date they were classified as held for sale in 2020. Following the change of government, there was a shift in IDC's strategy which contributed to the restructuring and reorganization deal not to go through despite earlier agreements which indicated otherwise. The change in strategy on the side of IDC was beyond any of the parties' control and has been treated as a non-adjusting post balance sheet event. ZCCM-IH Plc, the Board is committed to divest from these investments and actively searching for buyers.

- **Note 23, 24 and 25 – Determining the fair values of investment in subsidiaries, associates and financial assets at fair value through profit or loss on the basis of significant unobservable inputs.**

  Valuation of the Group's unquoted investments is an area of judgement which involves the use significant estimates and assumptions. Management uses various valuation techniques when determining the fair values of unquoted investee companies whose outcome is dependent on several significant unobservable inputs and assumptions as disclosed under Note 23, 24 and 25.

- **Note 23 – acquisition of subsidiary:**

  Fair valuation of the consideration transferred, and fair value of the assets acquired, and liabilities assumed, is an area of judgement which involves the use significant estimates and assumptions. Management uses various valuation techniques when determining the fair values of the assets acquired and liabilities assumed.

  Where the acquisition of a subsidiary that occurs during the period is incomplete, management recognises the fair values of the amounts of assets, liabilities, non-controlling interests, or items of consideration on a provisional basis and continues to re measure until the earlier of the receipt of information that is needed or after one year from the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4. Use of estimates and judgements *(Continued)*

- **Note 45 (a) iv – consolidation: whether the Company has significant influence over an investee or de facto control over an investee.**

  Management has reassessed its involvement in Rembrandt Properties Limited (49%) and Consolidated Gold Company Limited (45%) in accordance with IFRS 10's control definition and guidance. It has concluded it has significant influence but not outright control. In making its judgement, management considered the following:

  - Company's voting rights – the Company's voting rights are limited to 49% and 45% respectively but in relation to the dispersion of the voting rights held by other shareholders the Company has a significant right; and
  - Relative size – in relation to the extent of recent participation by those shareholders in general meetings, the Company is deemed to have significant influence over the investees
  - Further, management has reassessed its involvement in Central African Company Limited (49%) in accordance with IFRS 10's control definition and guidance. It has concluded it has de facto control in the Company. In making its judgement, management considered the following:
    - ZCCM-IH's representation on the board of the investee Company
    - Appointment of key management staff
    - Number of voting rights.
  - Following the above assessment, management has determined that the Company's involvement in all its investee companies in accordance with IFRS 10's control definition and guidance has not changed from prior year except for Mopani Copper Mines Plc.

  Uncertain Tax Position regarding Mopani Copper Mines loan forgiveness modification

  As part of the share purchase Agreement (SPA) between ZCCM-IH and Glencore International AG, the Company's loans/debt with Glencore were amended and restated as at 31 March 2021 to ZMW33.12 billion (US$ 1.5b billion). This loan modification was in fulfilment of the Agreement for the Government of the Republic of Zambia through ZCCM- IH to buy Glencore's 90% shareholding in return for US$1.00 consideration and US$1.5 billion debt. The resulting debt forgiveness amount was credited to pre-acquisition profits. The tax treatment for this gain is uncertain on the basis that the Zambian Income Tax does not have an express provision that directly deal with the matter. There is equally no judicial precedence from the Tax Appeals Tribunal or a higher court where concrete guidance can be found. The Directors have consulted widely in this transaction related gain and have not accrued for the estimated ZMW13.02 billion (US$590 million) tax that would arise in the unlikely event that the transaction was interpreted as taxable.

b. Assumptions and estimation and uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2022 is included in the following notes:

- Notes 23 – acquisition of subsidiary: fair value of the consideration transferred, and fair value of the assets acquired and liabilities assumed;
- Notes 23, 24 and 25 – measurement of fair value of investee companies; key assumptions about discounted cash flow assumptions;
- Note 37 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 32 and 38 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4. Use of estimates and judgements *(Continued)*

b. Measurement of fair values

- Note 42 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate and the valaution of VATreceivable; and
- Note 45(j) - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.

c. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Significant valuation issues are reported to the Group Audit Committee. This includes the Group finance team that has overall responsibilities for overseeing all significant fair value measurement including level 3 fair values and reports directly to the Chief Financial Officer (CFO).

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information arises such as broker quotes or pricing services, used to measure fair values, then the finance team assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirement of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Determination of ore reserves and life of mine plan

Reserves are estimates of the amount of product that can be economically and legally extracted from the group's properties. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4. Use of estimates and judgements *(Continued)*

c. Measurement of fair values *(continued)*

A majority of the groups' property, plant and equipment associated with its mining subsidiaries are depreciated over the estimated lives of the assets on a units-of-production basis. This also includes the timing of repayments of life of mine linked borrowings. The calculation of the units-of-production rate, and therefore the annual depreciation expense could be materially affected by changes in the underlying estimates which are driven by the life of mine plans. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity prices used in the estimation of mineral reserves.

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment, asset retirement obligation provision, recognition of deferred income tax amounts and depreciation expense amount.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 21 - Investment property
- Note 23 – Investment in subsidiaries; and
- Note 24 – Investment in associates.
- Note 42- financial instruments.

5. New or revised Standards or Interpretations

5.1 New and amended standards adopted by the Company and Group

The Group adopted the applicable new, revised or amended standards for the financial reporting periods commencing on or after 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 Provisions, Contingent Liabilities and Contingent Assets, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5. New or revised Standards or Interpretationss *(Continued)*

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

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.

5.2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5. New or revised Standards or Interpretationss *(Continued)*

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

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.

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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5. New or revised Standards or Interpretationss *(Continued)*

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

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28. 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.

6. Operating segments

a. Basis for segmentation

The Group has three operational reportable segments, as described below, which are the Group's strategic operations. The strategic operation offer different products and services and are managed separately because they require different technology and marketing strategies.

The Group's management committee, consisting of the Chief Executive Officer, the Chief Financial Officer, Chief Investment Officer, Chief Legal Officer, Chief Internal Audit Officer, Chief ICT Officer, Chief Human Resource and Administration Officer, Chief Technical Officer, and Company Secretary, examines the group's performance from an operations perspective and has identified three reportable segments of its business:

1. *Investments – This comprises of only ZCCM-IH. This is premiere diversified mining investments and operations Company whose majority owner is Industrial Development Corporation (IDC). The Company's focused interests are investments in Zambia's mining and energy sectors.*

2. *Mining and processing – This comprise of entities actively in the exploration activities, mining of minerals and processing to finished products. The minerals mined include copper, gold, amethyst, manganese, and limestone.*

3. *Technical services – This comprises the entity involved in the provision of environmental consultancy services, analytical services, surveying services and radiation safety. This Company has been maintained as a separate segment because of its value to the ZCCM-IH subsidiaries in monitoring of its environmental activities.*

The Group is exposed to customer concentration risk as it's significant component, Mopani Copper Mines has one major customer. Refer to note 35 for further information on sales arrangements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Operating segments *(Continued)*

a. Basis for segmentation *(continued)*

The Group's Chief Executive Officer and the management committee reviews internal reports of each division at least quarterly.

December 2022

Segment	Entity	Country of operations	Total revenue	Revenue from Zambia	Revenue from foreign countries	Total segment assets	Non-current assets	Current assets
Investments	ZCCM-IH Plc	Zambia	778	778	-	311,026	294,599	16,427
Mining and processing	Mopani Copper Mine Plc	Zambia	11,854,038	1,211,286	10,642,752	17,076,373	12,239,693	4,836,680
Mining and processing	Limestone Resources Limited	Zambia	26,843	12,377	14,466	103,943	75,826	28,117
Mining and processing	Kabundi Resources Limited	Zambia	13,635	13,635	-	8,855	8,741	114
Mining and processing	Zambia Gold Company Limited	Zambia	31	31	-	118,459	90,958	27,501
Mining and processing	Kariba mineral Limited	Zambia	23,038	-	23,038	39,639	27,112	12,527
Technical Services	Misenge	Zambia	4,932	4,932		5,220	5,220	-
Others	Others	Zambia	38,925	38,925	-	112,941	61,720	51,221
Total from segments			**11,962,220**	**1,281,964**	**10,680,256**	**17,776,456**	**12,803,869**	**4,972,587**
Less consolidation adjustments			(2,866)	(2,866)	-	-	-	-
Consolidated balance			**11,959,354**	**1,279,098**	**10,680,256**	**17,776,456**	**12,803,869**	**4,972,587**

Note: Segment assets exclude financial instruments, deferred tax assets/liabilities and employee benefit assets

Revenue from foreign countries is distributed as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

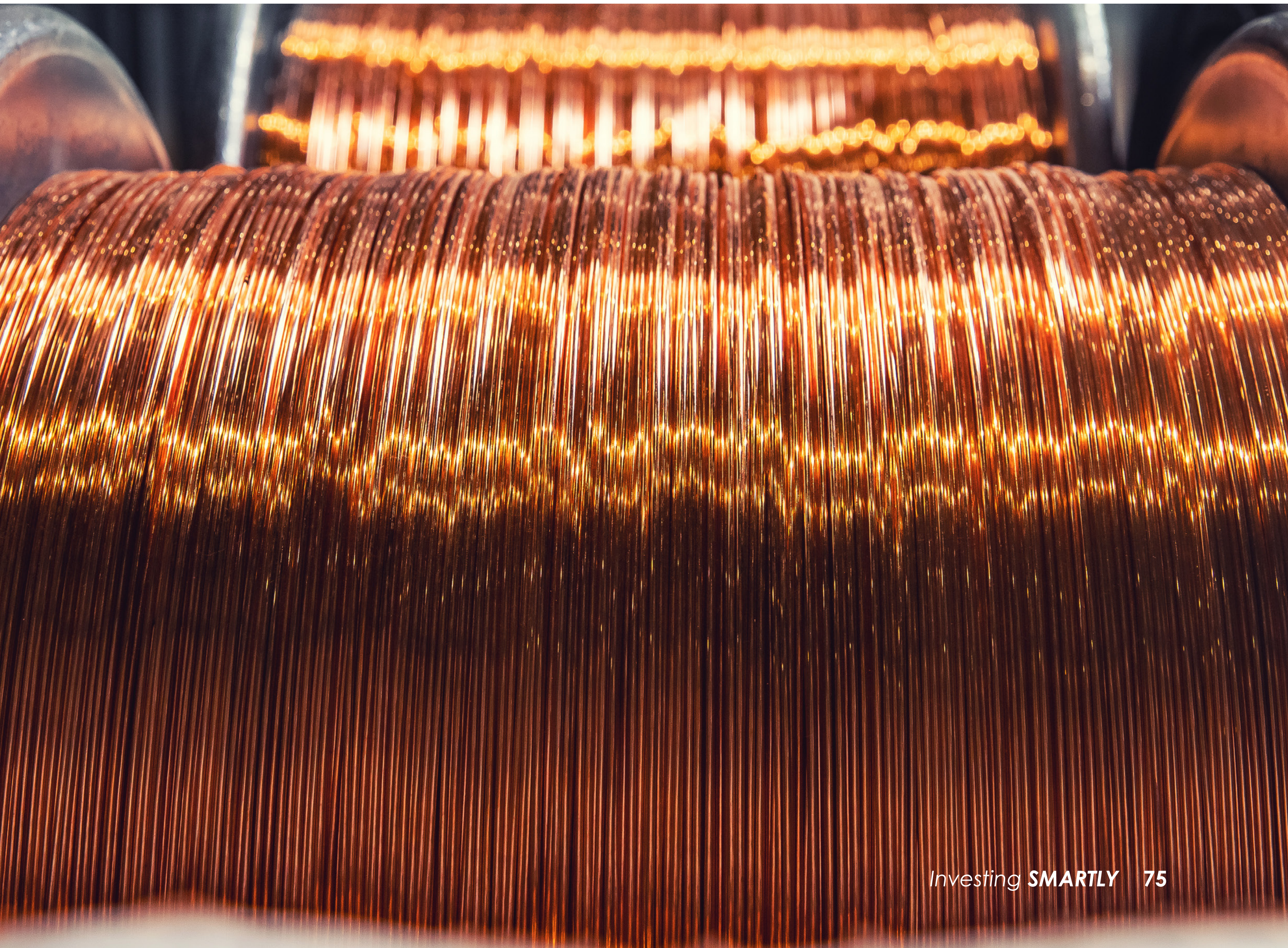
6 Operating segments *(Continued)*

a. Basis for segmentation *(continued)*

Country	Foreign revenue - ZMW
Switzerland	10,642,752
Malawi	14,325
Democratic Republic of Congo	114
Zimbabwe	27
India	23,038
Total	**10,680,256**

b. Information about reportable segments

Information recorded on each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Group's Chief Executive Officer is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Only one segment meets the 10% reportable segment criteria per IFRS 8- Segment Reporting. Management has disclosed two additional segments as it deems the additional disclosure useful to users of financial statements.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Operating segments *(Continued)*

b. Information about reportable segment *(continued)*

The segment results for the Group were as follows:

December 2022

	Investments	Mining and processing						Technical services			
	ZCCM-IH ZMW'000	Mopani Copper Mine Plc ZMW'000	Limestone Resources Limited ZMW'000	Zambia Gold Company Limited ZMW'000	Kariba minerals Limited ZMW'000	Kabundi Resources Limited ZMW'000	Central African Cement ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Others	Consolidation Adjustments ZMW'000	Consolidated ZMW'000
Segment assets*											
Opening balance	295,237	20,428,487	61,970	114,795	38,852	10,627	-	2,972	110,220	8,663	21,071,823
Additions	16,085	1,320,011	235	7,167	-	189	-	2,722	6,778	-	1,353,187
Movement in inventory	(5,607)	271,828	(412)	-	3,557	114	-	-	(258)	-	269,222
Property plant and equipment Revaluation	12,480	-	-	-	-	-	-	-	-	-	12,480
Increase in environmental asset	-	-	58,128	-	-	-	-	-	-	-	58,128
Disposal	(1,813)	(1,279)	-	-	-	-	-	-	-	-	(3,092)
Depreciation and amortisation	(13,821)	(1,797,870)	(15,978)	(3,503)	(2,770)	(1,736)	-	(474)	(7,293)	7,330	(1,836,115)
Fair value change	8,465	-	-	-	-	-	-	-	-	-	8,465
Impairment of PPE	-	-	-	-	-	(339)	-	-	-	-	(339)
Closing balance	**311,026**	**20,221,177**	**103,943**	**118,459**	**39,639**	**8,855**	**-**	**5,220**	**109,447**	**15,993**	**20,933,759**
Equity accounted investees	16,256,411	-	-	-	-	-	-	-	-	(1,081,549)	15,174,862
Other assets	8,579,896	2,870,637	55,874	3,849	10,100	52,932	15	48,292	1,994,314	(805,691)	12,810,218
Total assets	**25,147,333**	**23,091,814**	**159,817**	**122,308**	**49,739**	**61,787**	**15**	**53,512**	**2,103,761**	**(1,871,247)**	**48,918,839**
									-		
Segment liabilities	157,318	2,110,355	-	-	-	-	-	1,213	-	-	2,268,886
Other liabilities	310,163	35,963,451	103,165	30,225	54,356	1,616	-	17,782	2,353,162	(92,774)	38,741,146
Total liabilities	**467,481**	**38,073,806**	**103,165**	**30,225**	**54,356**	**1,616**	**-**	**18,995**	**2,353,162**	**(92,774)**	**41,010,032**
									-		
Cashflows from operating activities	4,766,330	1,994,127	(74,408)	(28,508)	(5,113)	7,237	-	(1,223)	59,245	(5,460,849)	1,256,838
Cashflows from investing activities	(4,761,256)	(697,698)	(235)	(6,855)	-	150	-	(2,723)	-	4,561,840	(906,777)
Cashflows from financing activities	(1,135)	-	97,380	1,547	445	41,174	-	45,224	-	(883,468)	(698,833)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Operating segments *(Continued)*

b. Information about reportable segments *(continued)*

The segment results for the Group were as follows:

December 2022	Investments	Mining and processing						Technical services			
	ZCCM-IH ZMW'000	Mopani Copper Mine Plc ZMW'000	Limestone Resources Limited ZMW'000	Zambia Gold Company Limited ZMW'000	Central African Cement ZMW'000	Kabundi Resources Limited ZMW'000	Kariba minerals Limited ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Others	Consolidation Adjustments ZMW'000	Consolidated ZMW'000
Revenue from external customers:											
Sales	778	11,854,038	26,843	31	-	13,635	23,038	-	38,925	-	11,957,288
Services	-	-	-	-	-	-	-	2,066	-	-	2,066
Total revenue from external customers	**778**	**11,854,038**	**26,843**	**31**	**-**	**13,635**	**23,038**	**2,066**	**38,925**	**-**	**11,959,354**
Inter-segment revenue	-	-	-	-	-		-	2,866	-	(2,866)	-
Total segment revenue	778	11,854,038	26,843	31	-	13,635	23,038	4,932	38,925	(2,866)	11,959,354
Consolidated revenue	**778**	**11,854,038**	**26,843**	**31**	**-**	**13,635**	**23,038**	**4,932**	**38,925**	**(2,866)**	**11,959,354**
Interest income	145,334	-	-	340	-	-	-	-	206,224	-	351,898
Interest expense	(14)	(2,060,039)	(155)	(439)	-	-	(1,304)	-	(102,198)	96,387	2,067,762
Net (impairment)/recovery of financial assets	(543)	-	(1,616)	-	-	-	-	71	5,800	(11,843)	(8,131)
Depreciation and amortisation expense	(13,821)	(1,797,870)	(15,978)	(3,503)	-	(1,736)	(2,770)	(474)	(6,945)	6,982	1,836,115
Other income/(expenses)	4,363,315	(13,049,069)	(97,067)	(36,763)	-	(6,687)	(26,256)	(8,874)	(159,324)	(4,517,691)	(13,538,416)
Total profit/ (loss) before tax for reported segments	**4,495,049**	**(5,052,940)**	**(87,973)**	**(40,334)**	**-**	**5,212**	**(7,292)**	**(4,345)**	**(17,518)**	**(4,429,031)**	**(5,139,172)**
Income tax credit/(expense)	(236,321)	-	(2,811)	(11,231)	-	294	2,099	(49)	(1,485)	-	(249,504)
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	-	1,603,143	1,603,143
Consolidated profit for the year	**4,258,728**	**(5,052,940)**	**(90,784)**	**(51,565)**	**-**	**5,506**	**(5,193)**	**(4,394)**	**(19,003)**	**(2,825,888)**	**(3,785,533)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Operating segments *(Continued)*

b. Information about reportable segment *(continued)*

December 2021

	Investments	Mining and processing						Technical services			
	ZCCM-IH	Mopani Copper Mine Plc	Limestone Resources Limited	Zambia Gold Company Limited	Central African Cement	Kabundi Resources Limited	Kariba minerals Limited	Misenge Environmental and Technical Services Limited	Others	Consolidation Adjustments	Consolidated
	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Revenue from external customers:											
Sales	20,428	14,116,217	118,995	68,283	-	5,575	26,115	-	38,145		14,393,758
Services	-	-	-	-	-	-	-	1,735	-	-	1,735
Total revenue from external customers	**20,428**	**14,116,217**	**118,995**	**68,283**	**-**	**5,575**	**26,115**	**1,735**	**38,145**	**-**	**14,395,493**
Inter-segment revenue	59,409	-	-	-	-		-	15,379	-	-	74,788
Total revenue from reportable segments	**79,837**	**14,116,217**	**118,995**	**68,283**	**-**	**5,575**	**26,115**	**17,114**	**38,145**		**14,470,281**
Consolidated revenue	**79,837**	**14,116,217**	**118,995**	**68,283**	**-**	**5,575**	**26,115**	**17,114**	**38,145**	**(74,788)**	**14,395,493**
Interest income	968,137	-	-	-	-	-	-	-			968,137
Interest expense	84,538	-	-	1,374	-	-	-		-	(32)	85,808
Net impairment of financial assets	(8,872)	(991,301)	-	-	-	-	(1,599)	(32)	(10,796)	32	(1,012,568)
Depreciation and amortisation expense	42,816	-	(1,525)	269	-	-	699	(72)	(9,846)	30,976	63,317
Depreciation and amortisation expense	(13,543)	(1,500,450)	(6,795)	(16,145)		(2,763)	(2,771)	(342)	(7,812)	8,663	(1,541,958)
Other Income/(expenses)	436,847	(13,051,691)	(150,160)	(48,543)	(730)	(3,973)	(22,906)	(14,012)	(22,242)	(15,724,671)	(28,602,081)
Total profit/ (loss) before tax for reported segments	**1,589,760**	**(1,427,225)**	**(39,485)**	**5,238**	**(730)**	**(1,161)**	**(462)**	**2,656**	**(12,551)**	**(15,759,820)**	**(15,643,780)**
Income tax credit/(expense)	86,158		(292)	(5,830)	-	(790)	7,897	(150)	(20,517)	-	66,476
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	-	3,004,542	3,004,542
Consolidated profit for the year	**1,675,918**	**(1,427,225)**	**(39,777)**	**(592)**	**(730)**	**(1,951)**	**7,435**	**2,506**	**(33,068)**	**(12,755,278)**	**(12,572,762)**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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Operating segments *(Continued)*

b. Information about reportable segment *(continued)*

	Investments	Mining and processing						Technical services			
	ZCCM-IH	Mopani Copper Mine Plc	Limestone Resources Limited	Zambia Gold Company Limited	Central African Cement	Kabundi Resources Limited	Kariba minerals Limited	Misenge Environmental and Technical Services Limited	Others	Consolidation Adjustments	Consolidated
	ZMW'000	*ZMW'000*	*ZMW'000*	*ZMW'000*	*ZMW'000*	*ZMW'000*	*ZMW'000*	*ZMW'000*	*ZMW'000*	*ZMW'000*	*ZMW'000*
Revenue from external customers:											
Sales	20,428	14,116,217	118,995	68,283	-	5,575	26,115	-	38,145		14,393,758
Services	-	-	-	-	-	-	-	1,735	-	-	1,735
Total revenue from external customers	**20,428**	**14,116,217**	**118,995**	**68,283**	**-**	**5,575**	**26,115**	**1,735**	**38,145**	**-**	**14,395,493**
Inter-segment revenue	59,409	-	-	-	-		-	15,379	-	-	74,788
Total revenue from reportable segments	**79,837**	**14,116,217**	**118,995**	**68,283**	**-**	**5,575**	**26,115**	**17,114**	**38,145**		**14,470,281**
Consolidated revenue	**79,837**	**14,116,217**	**118,995**	**68,283**	**-**	**5,575**	**26,115**	**1,735**	**38,145**	**(74,788)**	**14,395,493**
Interest income	968,137	-	-	-	-	-	-	-			968,137
Interest expense	84,538	-	-	1,374	-	-	-		-	(32)	85,808
Net impairment of financial assets	(8,872)	(991,301)	-	-	-	-	(1,599)	(32)	-	32	(1,012,568)
Depreciation and amortisation expense	42,816	-	(1,525)	269	-	-	699	(72)	(9,846)	30,976	63,317
Depreciation and amortisation expense	(13,543)	(1,500,450)	(6,795)	(16,145)		(2,763)	(2,771)	(342)	(7,812)	8,663	(1,541,958)
Other Income/(expenses)	436,847	(13,051,691)	(150,160)	(48,543)	(730)	(3,973)	(22,906)	(14,012)	(22,242)	(15,724,671)	(28,602,081)
Total profit/ (loss) before tax for reported segments	**1,589,760**	**(1,427,225)**	**(39,485)**	**5,238**	**(730)**	**(1,161)**	**(462)**	**2,656**	**(12,551)**	**(15,759,820)**	**(15,643,780)**
Income tax credit/(expense)	86,158		(292)	(5,830)	-	(790)	7,897	(150)	(20,517)	-	66,476
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	-	3,004,542	3,004,542
Consolidated profit for the year	**1,675,918**	**(1,427,225)**	**(39,777)**	**(592)**	**(730)**	**(1,951)**	**7,435**	**2,506**	**(33,068)**	**(12,755,278)**	**(12,572,762)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Operating segments *(Continued)*

b. Information about reportable segment *(continued)*

Group reconciliation of reported assests and liabilities

December 2021	Investments	Mining and processing							Technical services			
	ZCCM-IH ZMW'000	Mopani Copper Mine Plc ZMW'000	Limestone Resources Limited ZMW'000	Zambia Gold Company Limited ZMW'000	Nkandabwe Coal Mine Limited ZMW'000	Kariba minerals Limited ZMW'000	Kabundi Resources Limited ZMW'000	Central African Cement ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Others	Consolidation Adjustments ZMW'000	Consolidated
Segment assets*												ZMW'000
Opening balance	277,461	-	52,772	38,780	-	47,349	10,941	-	2,421	99,821	-	529,545
Acquisition of subsidiary	-	20,343,093	-	-	-	-	-	-	-	-	-	20,343,093
Additions	17,889	741,310	10,730	68,606	-	76	2,449	-	893	17,125	-	859,078
Movement in inventory	8,291	844,534	5,263	23,554	-	(5,802)	-	-	-	1,086	-	876,926
Disposal	(198)	-	-	-	-	-	-	-	-	-	-	(198)
Depreciation and amortisation	(13,543)	(1,500,450)	(6,795)	(16,145)	-	(2,771)	(2,763)	-	(342)	(7,812)	8,663	(1,541,958)
Fair value change	5,337	-	-	-	-	-	-	-	-	-	-	5,337
Closing balance	**295,237**	**20,428,487**	**61,970**	**114,795**	**-**	**38,852**	**10,627**	**-**	**2,972**	**110,220**	**8,663**	**21,071,823**
Equity accounted investees	20,603,089	-	-	-	-	-	-	-	-	-	(3,535,930)	17,067,159
Other assets	4,273,837	3,760,838	124,484	37,639	3	5,605	4,563	15	11,261	1,368,391	(907,202)	8,679,434
Total assets	**25,172,163**	**24,189,325**	**186,454**	**152,434**	**3**	**44,457**	**15,190**	**15**	**14,233**	1,478,611	**(4,434,469)**	**46,818,416**
Segment liabilities	119,715	1,411,505	-	-	-	-	-	-	1,897	-	-	1,533,117
Other liabilities	320,254	30,295,857	71,983	17,858	38,404	43,882	1,699	-	18,677	1,678,576	(10,796)	32,476,394
Total liabilities	**439,969**	**31,707,362**	**71,983**	**17,858**	**38,404**	**43,882**	**1,699**	**-**	**20,574**	**1,678,576**	**(10,796)**	**34,009,511**
Cashflows from operating activities	608,940	1,279,446	8,378	11,215	-	7,869	2,097	(730)	(1,185)	51,791	(1,510,631)	457,190
Cashflows from investing activities	(486,227)	(754,567)	(10,240)	(69,264)	-	(76)	(2,492)	-	(893)	-	1,220,572	(103,187)
Cashflows from financing activities	(124,457)	-	1,410	43,095	-	(1,894)	2,292	730	(148)	-	(323,722)	(402,694)

* *Segment assets exclude financial instruments, deferred tax assets/liabilities and employee benefit assets.*

i. Other assets consist trade and other receivables, term deposits, cash and cash equivalents. **ii.** Other liability includes tax liabilities, retirement benefits, environmental liability and legal provision.

ii. Elimination adjustments relate to intersegment transactions. The adjustment to other liabilities relates to the elimination of shareholder loans and the reclassification of deferred tax liabilities

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

7. Revenue from contracts with customers

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Sales of goods transferred at a point in time	12,396,118	14,769,856	778	79,837
Realisation charges (i)	(438,830)	(376,098)		
Services transferred over time	2,066	1,735	-	-
Total balance	**11,959,354**	**14,395,493**	**778**	**79,837**

8. Investment income/(expenses)

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Dividends receivable	-	-	4,868,317	956,437
Interest income	46,967	13,042	46,627	11,700
Royalty income	1,365	-	1,365	-
investment income	-	-	4,916,309	968,137
Investments expenses				
Interest expense	(439)	-	-	-
Net investment income	**47,893**	**13,042**	**4,916,309**	**968,137**

9. Other (expenses)/income

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Management fees and commissions	-	223	5,944	8,923
Fair value adjustment- investment property (note 21)	8,465	5,337	8,465	5,337
Forex trading	13,379	15,132	-	-
Fair value adjustment- inventory	(5,607)	-	(5,607)	-
Rental income	10,193	10,632	10,334	10,774
Gain on disposal of property, plant and equipment	(22)	738	(22)	248
Debt write off	3,995	-	-	-
Sundry income (ii)	158,835	204,660	69,089	10,299
Tatal balance	**189,238**	**236,722**	**88,203**	**35,581**

i. Realisation charges

Realisation charges relates to deductions from the purchase price in line with the sales agreement which includes freight and transportation costs.

ii .Sundry income

Sundry income mainly includes income such as core shed viewing/sampling and sale of scrap.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

10. Net impairment losses on financial assets

Movements on the provision for impairment of loans and receivables are as follows:

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at 1 Jan	1,127,128	1,228,645	1,646,147	1,695,601
Impairment recognised	12,235	45,794	4,748	81,272
Impairment recovery	(4,104)	(109,111)	(4,205)	(124,088)
Net impairment (release)/expense recognised	**8,131**	**(63,317)**	**543**	**(42,816)**
Included in assets held for sale	(5,800)	(31,627)	-	(65)
Receivables written off	(41,500)	(6,573)	(478,487)	(6,573)
Balance at 31 Dec	**1,087,959**	**1,127,128**	**1,168,203**	**1,646,147**

11. Expenses by nature

Profit/(loss) before income tax is stated after charging:

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Cost of sales				
Inventory movements	5,855,702	6,212,909	2,130	77,707
Mining and mineral processing costs	4,714,825	3,876,795	-	-
Employee costs	1,784,005	1,259,808	-	-
Depreciation and amortisation	1,813,582	1,515,948	-	-
Other cost of sales	541,000	1,365,573	-	-
Total balance	**14,709,114**	**14,231,033**	**2,130**	**77,707**
Administration expenses				
Depreciation and amortisation	38,529	26,010	13,821	13,543
Auditors' remuneration	2,922	3,196	985	859
Employee costs	361,913	1,292,822	129,353	108,765
Environmental consultancy expenses	-	-	2,564	7,473
Provision for environmental rehabilitation	(46,568)	128,771	(47,273)	28,104
Impairment of investments in subsidiaries (note 22(a)/23	-	-	418,821	-
Corporate and administration expenses ((i) below)	392,947	-	224,460	214,173
Legal expenses		151,300		
Investment expenses		138,100		
Total balance	**749,743**	**1,740,199**	**742,731**	**372,917**

Other administration expenses

Corporate and administration expenses mainly include Mopani's administration cost of ZMW100 million, (2021: ZMW982 million), legal expenses ZMW115 million (2021: ZMW76.3 million) and investment expenses ZMW30.1 million (2021: ZMW80.1 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

12. Personnel expenses

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Salaries and wages	1,972,612	1,475,917	123,000	101,668
Retirement benefit costs:				
Defined benefit scheme (note 37)	168,173	82,614	3,154	4,979
Mukuba Pension Scheme	1,791	972	1,791	972
National Social Security Funds	3,342	2,514	1,408	1,146
Total expense	**2,145,918**	**1,562,017**	**129,353**	**108,765**

13. Finance income and finance costs

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Interest on borrowings	(2,067,762)	(1,012,568)	(14)	(8,872)
Exchange differences*	(179,633)	(321,912)	(5,270)	(318,344)
Unwinding of discount on site restoration	(18,892)	(14,271)	-	-
Finance costs	**(2,266,287)**	**(1,348,751)**	**(5,284)**	**(327,216)**
Interest income from associate companies	98,809	72,838	98,707	72,838
Exchange differences*	353,632	409,868	347,340	2,391
Finance income	**452,441**	**482,706**	**446,047**	**75,229**
Net finance income	**1,813,846**	**866,045**	**440,763**	**251,987**

14. Income tax expense

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Amounts recognised in profit or loss:				
Current income tax	(35,282)	(27,985)	(30,952)	(27,295)
Deferred income tax charge (note 37)	(214,222)	94,461	(205,369)	113,453
Income tax expense	**(249,504)**	**66,476**	**(236,321)**	**86,158**

The tax on the Group and Company profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

14. Income tax expense *(Continued)*

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
(Loss)/profit before income tax	(3,536,029)	(12,639,238)	4,495,049	1,589,760
Less: share of profit from equity accounted associates	(1,603,143)	(3,004,542)	-	-
Total balance	**(5,139,172)**	**(15,643,780)**	**4,495,049**	**1,589,760**
Tax calculated at rates applicable to profits @ 30% (2021: 35%) Tax effect of:	(1,541,752)	(5,475,323)	1,348,515	556,416
Non-deductible expenses	3,227,820	5,727,489	324,370	(323,932)
Income taxed at a lower rate*	(1,432,905)	(315,580)	(1,432,905)	(315,580)
Effect of change in the deferred tax rate	(3,659)	(3,062)	(3,659)	(3,062)
Tatal income tax expense	**249,504**	**(66,476)**	**236,321**	**(86,158)**

* Income taxes at lower rate relates to rental income and dividends taxed at 15% and 0% respectively. Dividend income received from Zambian mines is subject to zero tax. Dividend taxed at 0% tax rate amounted to ZMW4.62 billion (2021: ZMW810.65 million).

Current income tax movement in the statement of financial position

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Opening balance 1 Jan	202,563	214,527	202,236	205,781
Charge for the year	35,282	27,985	30,952	27,295
Tax paid	(46,217)	(39,949)	(44,030)	(30,840)
Included in assets held for sale	(1,485)	-	-	-
Closing balance	**190,143**	**202,563**	**189,158**	**202,236**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

15. Earnings per share

a. Basic earnings per share

The calculation of basic earnings per share has been calculated based on profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

i. Profit/(loss) attributable to ordinary shareholders (basic)

	31-Dec 2022	31-Dec 2021
Group		
Loss attributable to ordinary shareholders	(3,785,533)	(12,572,762)
Company		
Profit attributable to ordinary shareholders	4,258,728	1,675,918

ii. Weighted average number of shares (basic)

	31 Dec 2022	31 Dec 2021
Opening balance at 1 January	160,800,286	160,800,286
Closing balance	**160,800,286**	**160,800,286**

The weighted average number of shares is determined by taking the number of additional shares issued and multiplying by the number of days the new shares were in issue over the reporting period.

b. Diluted earnings per share

There were no potentially dilutive shares outstanding at 31 December 2022 (2021: nil). Diluted earnings per share are therefore the same as basic earnings per share.

16. Dividends per share

Subsequent to the year end, a dividend of ZMW2.41 per share was declared for the year ended 31 December 2022 results (2021: ZMW 2.09 per share).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

17. Property, plant and equipment

Reconciliation of carrying amount *(continued)*

Group

	Land and buildings	Plant and equipment	Vertical and Rotary Kilns	Mine Development	Motor Vehicles	Work in progress	Total
Cost or valuation							
Balance at 1 January 2021	106,794	72,250	-	-	102,859	111,383	393,286
Acquisition through business combination	509,762	9,895,577	-	1,916,830	442,062	577,087	13,341,318
Additions	3,894	39,443	-	-	21,030	745,566	809,933
Transfers	-	2,470	-	330,534	33,289	(366,293)	-
Disposal	(6,253)	-	-	-	(199,878)	-	(206,131)
Balance at 31 December 2021	**614,197**	**10,009,740**	**-**	**2,247,364**	**399,362**	**1,067,743**	**14,338,406**
Balance at 1 January 2022	614,197	10,009,740	-	2,247,364	399,362	1,067,743	14,338,406
Additions	178	5,311	-	-	9,637	1,323,108	1,338,234
Transfers	116,503	123,954	-	668,991	194,592	(1,104,040)	-
Revaluation	8,007	-	-	-	-	-	8,007
Increase in environmental asset	-	-	101,015	-	-	-	101,015
Disposal	-	(283)	-	-	(9,484)	-	(9,767)
Balance at 31 December 2022	**738,885**	**10,138,722**	**101,015**	**2,916,355**	**594,107**	**1,286,811**	**15,775,895**
Accumulated depreciation and impairment losses							
Balance at 1 January 2021	11,180	28,958	-	-	74,742	111,383	226,263
Charge for the year	144,522	1,039,541	-	221,540	55,021	-	1,460,624
Disposal	(6,253)	-	-	-	(199,680)	-	(205,933)
Balance at 31 December 2021	**149,449**	**1,068,499**	**-**	**221,540**	**(69,917)**	**111,383**	**1,480,954**
Balance at 1 January 2022	149,449	1,068,499	-	221,540	(69,917)	111,383	1,480,954
Charge for the year	101,575	845,250	8,081	587,799	235,251	-	1,777,956
Impairment	-	-	-	-	339	-	339
Decrease in environmental asset	-	-	42,887	-	-	-	42,887
Eliminated on revaluation	(4,473)	-	-	-	-	-	(4,473)
Disposal	-	(136)	-	-	(6,539)	-	(6,675)
Balance at 31 December 2022	**246,551**	**1,913,613**	**50,968**	**809,339**	**159,134**	**111,383**	**3,290,988**
Carrying amounts							
Balance at 31 December 2021	**464,748**	**8,941,241**	**-**	**2,025,824**	**469,279**	**956,360**	**12,857,452**
Balance at 31 December 2022	**492,334**	**8,225,109**	**50,047**	**2,107,016**	**434,973**	**1,175,428**	**12,484,907**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

17. Property, plant and equipment *(Continued)*

i. Impairment

Property, plant and equipment are reviewed for impairment in accordance with note 45 (j)(ii). Assets amounting to ZMW 339,000 were impaired during the year. The asset impaired relates to a motor vehicle for Kabundi Resources Limited that was involved in an accident during the year.

ii. Assets pledged as security

Refer to note 40 (vii) for information on non-current assets pledged as security by the Group.

iii. Leased plant and equipment

The Group did not have any assets under lease as at 31 December 2022 (2021: nil).

iv. Borrowing costs

There were no borrowing costs included in property, plant and equipment during the period (2021: nil) in respect of the construction works. The borrowing costs at group level mostly relates to Mopani Copper Mine Plc and do not qualify for capitalisation.

v. Work in progress

Work in progress relates to the Group's property plant and equipment in transit and under construction.

Company	Land and buildings	Plant and equipment	Motor vehicles	Work in progress	Total
Cost or revaluation					
Balance at 1 January 2021	**58,665**	**20,222**	**35,452**	**987**	**115,326**
Additions	1,034	7,149	3,967	-	12,150
Disposal	-	-	(3,781)	-	(3,781)
Balance at 31 December 2021	**59,699**	**27,371**	**35,638**	**987**	**123,695**
Balance at 1 January 2022	59,699	27,371	35,638	987	123,695
Additions	-	2,109	5,707	5,554	13,370
Disposal	-	(283)	(4,983)	-	(5,266)
Revaluation	8,007	-	-	-	8,007
Balance at 31 December 2022	**67,706**	**29,197**	**36,362**	**6,541**	**139,806**
Accumulated depreciation and impairment losses					
Balance at 1 January 2021	2,409	14,422	18,456	987	36,274
Charge for the year	1,381	3,810	7,374	-	12,565
Disposal	-	-	(3,583)	-	(3,583)
Balance at 31 December 2021	**3,790**	**18,232**	**22,247**	**987**	**45,256**
Balance at 1 January 2022	**3,790**	**18,232**	**22,247**	**987**	**45,256**
Charge for the year	1,406	4,430	6,169	-	12,005
Eliminated on revaluation	(4,473)	-	-	-	(4,473)
Disposal	-	(136)	(3,317)	-	(3,453)
Balance at 31 December 2022	**723**	**22,526**	**25,099**	**987**	**49,335**
Carrying amount					
Balance at 31 December 2021	**55,909**	**9,139**	**13,391**	**-**	**78,439**
Balance at 31 December 2022	**66,983**	**6,671**	**11,263**	**5,554**	**90,471**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

17. Property, plant and equipment *(Continued)*

Revaluation

Buildings were revalued on 31 December 2022, by independent registered valuers, Sherwood Greene. Valuations were made based on the Open Market Value. The Company revalue land and buildings every three years. The carrying values of the properties were adjusted to their revalued amounts and the resultant surplus net of deferred income tax was credited to the revaluation surplus in shareholders' equity. The carrying values of property, plant and equipment approximates their fair values. Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value.

The register showing the details of property, as required by section 30 of the Companies Act, 2017 of Zambia, is available for inspection during business hours at the registered office of the Company.

The carrying amounts of revalued land and buildings were stated on the historical cost basis, the amounts would be as follows:

	31 Dec 2022	31 Dec 2021
	ZMW,000	ZMW,000
Land and buildings		
Cost	38,489	38,489
Accumulated depreciation	(5,257)	(3,332)
Net book amount	**33,232**	**35,157**

18. Exploration and evaluation asset

Reconciliation of carrying amount	Group
Cost	ZMW'000
Balance at 1 January 2021	22,428
Additions	26,939
Balance at 31 December 2021	**49,367**
Balance at 1 January 2022	49,367
Additions	3,794
Balance at 31 December 2022	53,167
Accumulated depreciation and impairment losses	
Balance at 1 January 2021	1,724
Charge for the year	8,654
Balance at 31 December 2021	10,378
Balance at 1 January 2022	10,378
Depreciation adjustment	(8,654)
Balance at 31 December 2022	**1,724**
Carrying amount	
Balance at 31 December 2021	38,989
Balance at 31 December 2022	**51,437**

Exploration and evaluation assets represent costs capitalized by the Group in relation to diamond drilling, laboratory analysis of drilling core samples, geochemical and geophysical studies as well as costs incurred in acquisition of rights to explore the license area in Kasenseli, Mwinilunga district. The site has been deemed to possess commercial reserves.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

18. Exploration and evaluation asset *(Continued)*

A total of 128 kilograms of gold has been recovered from commencement of exploration in June 2020. (This amount has been recognised as revenue in the preceding years in accordance with Note 45 (m). The project is still in its exploration stage and is yet to reach its full commercial production level. The Group classifies exploration and evaluation assets as tangible assets.

*The depreciation adjustment relates to a reversal of overstated depreciation in prior years for the exploration and evaluation asset for Zambia Gold Limited. The error has been adjusted in the current year at group level as the amount is not significant for the group.

The following are the income and expenses, assets, liabilities, and operating and investing cash flows arising from the exploration and evaluation asset:

19. Intangible assets

The Group's and Company's intangible assets relate to brand, mine rights and acquired computer software programmes.

Reconciliation of carrying amount:

	Group			Company
Cost	**Mineral Rights**	**Computer software**	**Total Group intangible assets**	**Computer software**
Balance at 1 January 2021	-	3,895	3,895	3,547
Additions	-	2,808	2,808	2,766
Acquisition through business combination (note 23)	3,281,457		3,281,457	-
Balance at 1 31 Dec 2021	**3,281,457**	**6,703**	**3,288,160**	**6,313**
Balance at 1 January 2022	3,281,457	6,703	3,288,160	6,313
Additions	-	2,804	2,804	2,656
Balance at 31 December 2022	**3,281,457**	**9,507**	**3,290,964**	**8,969**
Amortisation				
Balance at 1 January 2021	-	(3,146)	(3,146)	(2,798)
Amortisation	(71,692)	(988)	(72,680)	(978)
Balance at 31 December 2021	**(71,692)**	**(4,134)**	**(75,826)**	**(3,776)**
Amortisation	(64,861)	(1,852)	(66,713)	(1,816)
Balance at 31 December 2022	**(136,653)**	(5,986)	(142,639)	(5,592)
Carrying amount				
Balance at 31 December 2021	**3,209,765**	2,569	3,212,334	2,537
Balance at 31 December 2022	**3,144,804**	**3,521**	**3,148,325**	**3,377**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

20. Goodwill

The movements in the net carrying amount of goodwill are as follows:

	31 Dec 2022	31 Dec 2021
	ZMW'000	ZMW'000
Gross carrying amount		
At 1 Jan	**-**	**-**
Acquired through business combination (Note 23(d))	-	14,862,341
At 31 Dec	**-**	**14,862,341**
Impairment		
At 1 Jan	**-**	**-**
Impairment loss recognised	-	14,862,341
At 31 Dec	**-**	**14,862,341**
Carrying amount at 31 December	**-**	**-**

Goodwill is monitored by management at the Group level and management considers the whole business (investee company) to be one cash generating unit (CGU).

The computation of the recoverable amounts for the purposes of Goodwill testing is done on the higher of fair value less cost to sell basis or value in use calculations using a discounted cashflow. Market participants in the mining industry generally use Discounted Cashflows (DCF) to determine fair value. TheThe key assumptions for the fair value using discounted cashflow (DCF) method calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

Mopani Copper Mine CGU

On 31 March 2021, the ZCCM-IH Shareholders approved the ZCCM-IH's acquisition of the remaining 90% interest in Mopani held by Carlisa Investments Corp ("Carlisa") for a US$1 consideration and ZMW 33.1bn (US$1.50 billion) in Transaction Debt. The acquisition of 90% of the issued shares in Mopani Copper Mine Plc will result in ZCCM-IH being the holder of 100% of the issued shares in the Company.

As at 31 March 2021, Goodwill amounting to ZMW14,862 million was recognized. The goodwill is attributable Mopani's strong position as a Grade A copper producer in the mining industry and other factors such as assembled workforce. Refer to the table that includes a summary of Key assumptions as at that date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

20. Goodwill (Continued)

Below are the key assumptions used in the calculation of the CGU recoverable value:

Assumptions as at 31 March, 2021.

Cash generating unit	Method used and assumptions
Mopani Copper Mine Plc	• Method Used to determine recoverable amount: Fair Value less cost to Sell using discounted cashflow method (DCF) • Assumptions as at 31 March 2021. • WACC impact Excluding SRP -computations for the assets under consideration implied a WACC ranging from 13.71% to 15.96%. The WACC applied for the analysis had been based on the low range of 13+++.71% to determine the high end of our valuation range. • WACC impact including SRP -Included 1.5-2% specific risk premium to cater for risk of inferred resources being included in LOM valuation and capex funding uncertainty. • CAPEX of ZMW 7,834m (US$355.3m) was used which was aligned with the status of expansion projects at valuation date. • Copper prices were obtained from Glencore publications. • Tax adjustments which had been adjusted for the impact of disallowed interest expenses. • Outside LoM Resources- Included outside LoM resources as a terminal value in the model. The resources used for the outside LoM is the reserves in the competent person report.

As as 31 December 2021, an impairment test was conducted by comparing the carrying amount with the recoverable amount. The recoverable amount was computed by discounting the CGU's free cashflows using a WACC range of 15% - 16.7% adjusted for market and specific risk over the life of mine. The recoverable amount significantly dropped to nil.

Several economic factors deteriorated during the intervening period to year end caused by the country default on its national debt. An impact of this deterioration was a change in the country risk premium from around 8.31% to around 16.11%. As a result, the directors determined that the carrying amount of goodwill for Mopani Copper Mines Plc exceeded the recoverable amount. Accordingly, the full amount of ZMW14,862 million relating to goodwill relating to Mopani Copper Mine Plc, was impaired totally as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

20. Goodwill (Continued)

Assumptions as at 31 December, 2021.

Cash generating unit	Method used and assumptions
Mopani Copper Mine Plc	**Method Used to determine recoverable amount: Fair Value less cost to Sell** The Fair Value of Mopani Copper Mines Plc was determined using a discounted cashflow method. Key Assumptions Commodity price assumptions and Mineral Royalty Tax For the period between 2022 and 2024, the average copper and gold price used were obtained from a sample of investment banks. From 2025 onwards, a flat rate of US$3.95 /lb copper and US$1,631/oz gold was used. • The Mineral Royalty Tax for copper (a sliding scale – between 10% - 5.5%, with the higher bands being: 10% for Cu price over US$4.08/lb, 8.5% for price between US$4.08/lb – US$3.4/lb and 7.5% for prices between US$3.4 – US$2.72/lb) is assumed to be 8.5% over the LOM. • The MRT for cobalt revenue, which is fixed, remains at 8.0%. **Cash flow period** Life of mine (LOM) was estimated to be 19 years. **Growth Rate** The growth rate was based on the spread of the proven and probable mineral ore reserves as determined by the mine plan which incorporates mining methods applicable at each stage of the cashflow. **Net working capital** The forecast net working capital movements for were from 2022 to 2045 **Depreciation** Forecast depreciation for Mopani from 2022 to 2045 were provided. **Operating costs and profitability** Operating cost forecasts for Mopani were obtained from the Mopani LOM. The operating costs were categorised as mining, processing, technical, corporate, general administration, royalties and other costs. **Net debt** As at 31 December 2021, Mopani had ZMW 86m (US$ 3.9m) drawn in overdraft, a long-term obligation of ZMW 33bn (US$1.5 billion) to Glencore and cash amounting to ZMW 103.9m (US$4.7m). **Free Cash Flows** The free cash flow for Mopani is the cash generated from operations, less capex and adjusted for working capital movements. **WACC** Capital structure Mopani's equity value was nil, with significant long-term debt of ZMW 33bn (US$1.5 billion). To calculate a levered beta for Mopani, a target debt-to-equity ratio derived from a peer group of mining companies was applied. This ratio was utilized when determining the relevered beta for the cost of equity calculation. **WACC** The cost of equity has been calculated based on: A risk-free rate of 1.5%, which is the yield on the ten-year U.S. treasury-bond. An equity market risk premium of 16.1% for Zambia, comprised of a country risk premium and a market premium. Target capital structure assumes 85.7% equity, and 14.3% debt; Unlevered beta of 0.95 based on a peer group of mining companies remains the same

Foreign Exchange Effects on Goodwill.

As goodwill was recognized and fully impaired in the same financial year, there was no recognized effects of changes in foreign exchange rate at the end of the reporting period.

During the year 2022, there was no goodwill that was recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

21. Investment property

i. Reconciliation of carrying amounts

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at 1 January	192,227	183,917	192,227	183,917
Additions	59	2,973	59	2,973
Change in fair value (Note 9)	8,465	5,337	8,465	5,337
Closing balance	**200,751**	**192,227**	**200,751**	**192,227**

ii. Amounts recognised in profit or loss for investment properties.

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Rental income from operating leases (note 9)	10,193	10,632	10,334	10,774
Direct operating expenses from property that generated rental income	(2,287)	(3,744)	(2,287)	(3,744)
Net Rental Income	**7,906**	**6,888**	**8,047**	**7,030**

iii. Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable quarterly. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. There are no variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, th e group may obtain three months rental deposit for the term of the lease.

Minimum lease payments receivable on leases of investment properties are as follows:

	Group and Company	
	31 Dec 2022	31 Dec 2021
Within 1 year	**6,837**	**6,935**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

21. Investment property *(Continued)*

iv. Measurement of fair value

Investment properties, principally office buildings and residential apartments, are held for long-term rental yields. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

Fair value hierarchy

The fair value of investment property for the Company was determined, as at 31 December 2022 by Sherwood Green Property Consultants, who are sufficiently independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement for investment property of ZMW201 million (2021: ZMW 192 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used

Valuation technique	Significant unobservable inputs	Inter-relationships between Key unobservable inputs and fair value measurement
The valuation technique used is the Discounted Cash Flows. This valuation method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs sum as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) tenant credit quality	• Expected market rental growth (3 - 5%. Weighted average 4%) (2022: 4%, 2021: 4%) • Void periods (average 6 months after the end of each lease) (2022: 6 months, 2021: 6 months) • Occupancy rate (90-95%, weighted average 90%) (2022: 90%, 2021: 90%) • Rent-free periods (1-month period on new leases) (2022: 1 month, 2022: 1 month) • Risk-adjusted discount rates (10% - 10.5%. weighted average 10%) (2022: 10% 2021: 10%).	• The estimated fair value would increase or (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower): • Rent-free periods were shorter (longer); or • The risk-adjusted discount rate were lower (higher).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

22. Assets classified as held for sale

a. Description

Reconciliation of carrying amount for the Company;

Company		
	Dec-22	Dec-21
Balance at 1 Jan	430,977	392,357
Additions	12,244	38,620
Impairment	(386,007)	-
Change in fair value	88,486	-
Balance at 31 Dec	**145,700**	**430,977**

The Board of ZCCM Investments Holdings Plc approved management's plan to exit from Investrust Bank Plc and Mushe Milling Company Limited. On 18th October 2022, the Board of ZCCM-IH approved a plan to liquidate Mushe Milling Company Limited.

b. The fair value and net assets of the investments to be disposed of are as follows:

31 Dec 2022		Group	Company
	Assets	Liabilities	Fair value
Investrust Bank Plc	2,097,750	(2,249,997)	145,700
Mushe Milling Company Limited	6,011	(58,497)	-
Total	**2,103,761**	**(2,308,494)**	**145,700**

31 Dec 2021		Group	Company
	Assets	Liabilities	Fair value
Investrust Bank Plc	1,456,954	(1,606,593)	343,214
Mushe Milling Company Limited	21,657	(71,983)	87,763
Total	**1,478,611**	**(1,678,576)**	**430,977**

c. Financial performance and cash flow information

The financial performance and cash flow information presented for the year ended 31 December 2022.

	Investrust Bank Plc	Mushe Milling Company	Total
	31 Dec 2022	**31 Dec 2022**	**31 Dec 2022**
Revenue	206,224	38,925	245,149
other income	53,471	18	53,489
Cost of sales and expenses	(260,818)	(55,338)	(316,156)
Loss before income tax	(1,123)	(16,395)	(17,518)
Income tax expense	(1,485)	-	(1,485)
Loss for the year	**(2,608)**	**(16,395)**	**(19,003)**
Loss attributable to non-controlling interest	**(746)**	**-**	**(746)**
Net cash outflow from operating activities	(4,874)	(1,569)	(6,443)
Net cash outflow from investing activities	(342)	-	(342)
Net cash inflow from financing activities	-	1,969	1,969
Net cash (out)/in flow	**(5,216)**	**400**	**(4,816)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

22. Assets classified as held for sale *(Continued)*

d. Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale as at 31 December 2022;

	Investrust Bank Plc	Mushe Milling Company	Total
Assets classified as held for sale			
Property, plant, and equipment	51,327	5,296	56,623
Intangible assets	1,603	-	1,603
Financial assets at fair value through profit or loss	584	-	584
Trade and other receivables	811,725	-	811,725
Term deposits	829,211	-	829,211
Inventories	51,077	144	51,221
Other assets	74,907	-	74,907
Cash and cash equivalents	277,316	571	277,887
Total assets of disposal group held for sale	2,097,750	6,011	2,103,761
Liabilities directly associated with assets classified as held for sale			
Borrowings	-	(32,387)	(32,387)
Trade and other payables	(2,249,997)	(26,110)	(2,276,107)
Total liabilities directly associated with assets classified as held for sale	(2,249,997)	(58,497)	(2,308,494)
Net liabilities held for sale	**(152,247)**	**-**	**(204,733)**
Accumulated non-controlling Interest	**(36,129)**	**52,486**	**(36,129)**

The financial performance and cashflow information presented for the year ended 31 December 2021;

	Investrust Bank Plc	Mushe Milling Company	Total
	31 Dec 2021	31 Dec 2021	31 Dec 2021
Revenue	217,309	38,145	255,454
other income	47,772	483	48,255
Cost of sales and expenses	(250,008)	(66,211)	(316,219)
Profit/(loss) before income tax	15,073	(27,583)	(12,510)
Income tax expense	-	(20,427)	(20,427)
Profit/(loss) for the year	**15,073**	**(48,010)**	**(32,937)**
Profit attributable to non-controlling interest	**4,311**	**-**	**4,311**
Net cash inflow/(outflow) from operating activities	301,528	(27,703)	273,825
Net cash outflow from investing activities	(5,104)	(57)	(5,161)
Net cash inflow/(outflow)from financing activities	(16,089)	51,711	35,622
Net cash in flow	**280,335**	**23,951**	**304,286**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

22. Assets classified as held for sale *(Continued)*

d. Assets and liabilities of disposal group classified as held for sale *(Continued)*

The following assets and liabilities were reclassified as held for sale as at 31 December 2021;

	Investrust Bank Plc	Mushe Milling Company	Total
Assets classified as held for sale			
Property, plant, and equipment	51,669	5,469	57,138
Intangible assets	1,603	-	1,603
Financial assets at fair value through profit or loss	584	-	584
Trade and other receivables	416,097	1,060	417,157
Term deposits	653,818	-	653,818
Inventories	51,077	402	51,479
Other assets	74,907	-	74,907
Cash and cash equivalents	207,199	14,726	221,925
Total assets of disposal group held for sale	**1,456,954**	**21,657**	**1,478,611**
Liabilities directly associated with assets classified as held for sale			
Borrowings	-	(44,749)	(44,749)
Trade and other payables	(1,606,593)	(27,234)	(1,633,827)
Total liabilities directly associated with assets classified as held for sale	(1,606,593)	(71,983)	(1,678,576)
Net liabilities held for sale	**(149,639)**	**(50,326)**	**(199,965)**
Accumulated non-controlling Interest	**(35,383)**	**-**	**(35,383)**

For segment reporting purposes, the 2 companies included in the disposal group above, were classified under investments segment as part of other assets.

23. Investment in subsidiaries

The following are considered when determining whether the Company has control over the investee companies:

- ZCCM-IH's representation on the board of the investee company
- Appointment of key management staff
- Number of voting rights.

Currently all subsidiaries are wholly owned by ZCCM-IH save for Zambia Gold Company Limited and Central African Cement Company Limited. The two companies are in their development stages. During this period, ZCCM-IH appoints key management personnel for the two investee companies, funds and exercises control over their operations and activities. ZCCM-IH is deemed to exercise control over the two entities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

Set out below is a list of subsidiaries, which are listed and unlisted;

December 2022

Company	Country of incorporation	Principal place of business	Held % Interest	Opening carrying amount	Addition	Impairment	Change in fair value	Closing carrying amount
Mopani Copper Mine Plc	Zambia	Kitwe	100	-	-		-	-
Misenge Environmental and Technical Services	Zambia	Kalulushi	100	-	45,323		-	45,323
Nkandabwe Coal Mines Limited	Zambia	Sinazeze	100	-	-		-	-
Kariba Minerals Limited	Zambia	Mapatizya	100	32,814	-	(32,814)	-	-
Kabundi Resources Limited	Zambia	Serenje	100	20,959	41,421	-	23,547	85,927
Limestone Resources Limited	Zambia	Ndola	100	172,553	-	-	-	172,553
Zambia Gold Company limited	Zambia	Lusaka	51%	100,176	(365)	-	-	99,811
Central African cement Company limited	Zambia	Lusaka	49%	1,437	-	-	-	1,437
				327,939	86,379	(32,814)	23,547	405,051

December 2021

Company	Country of incorporation	principal place of business	Held % Interest	Opening carrying amount	Addition	Change in fair value	Closing carrying amount
Mopani Copper Mine Plc	Zambia	Kitwe	100	-	-	-	-
Misenge Environmental and Technical Services	Zambia	Kalulushi	100	-	-	-	-
Nkandabwe Coal Mines Limited	Zambia	Sinazeze	100	-	-	-	-
Kariba Minerals Limited	Zambia	Mapatizya	100	32,814	-	-	32,814
Kabundi Resources Limited	Zambia	Serenje	100	14,043	2,292	4,624	20,959
Limestone Resources Limited	Zambia	Ndola	100	172,553	-	-	172,553
Zambia Gold Company limited	Zambia	Lusaka	51%	56,560	43,616	-	100,176
Central African cement Company limited	Zambia	Lusaka	49%	708	729	-	1,437
				276,678	46,637	4,624	327,939

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

a. Reconciliation of carrying amounts

	Company	
	31 Dec 2022	31 Dec 2021
Balance at 1 January	327,939	276,678
Additions	86,379	46,637
Change in fair through other comprehensive income	23,547	4,624
Impairment	(32,814)	
Closing Balance	**405,051**	**327,939**

In line with the accounting policy for investments in subsidiaries, to carry all its Investments at fair value, the Company performs annual fair value of its Investments in subsidiaries and fair value gain/(loss) is recognised. The fair value gain/(loss) is recognised in the other comprehensive income (OCI). During the year, a fair value gain of ZMW23.5 million was recognised (2021: ZMW 4.6 million). Valuation techniques used are disclosed in note 23.

b. Measurement of fair value

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in subsidiaries as well as the significant unobservable inputs used.

Subsidiary	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Mopani Copper Mine plc Nkandabwe Coal Mine Limited Misenge Environmental and Technical Services. Kariba Minerals Limited Kabundi Resources Limited	Discounted cash flows: It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates. There has been no changes to the valuation technique applied in the prior year	Target capital structure Debt to total capitalisation (2022: 21%, 2021: 0%). **Equity to total** capitalisation (2022:79%, 2021: 100%) Cost of debt Cost of debt (2022: 7%, 2021: 7%) **Effective tax rate** (2022: 30 %, 2021: 30%) **After tax cost of debt** (2022: 4.9%, 2021: 4.9%) Cost of equity Risk free rate (2022: 3.9 %, 2021: 1.51%) **Market risk premium** (2022: 26.7%, 2021:16.11%) **Levered beta** (2022: 0.98, 2021: 0.95). Mineral Royalty tax is assumed at 7.5%. (2021: 7.5%)	The estimated fair value would change in response to the changes in the factors below: Equity to total capitalisation Cost of debt were lower The cost of equity Coal/limestone/ manganese sales prices. Capital Expenditure
Limestone Resources Limited Zambia Gold Company Limited Central African Cement Company Limited	Cost approach	Actual expenditure incurred during developmental stages	The estimated fair value would increase (decrease) if: Expenditure is higher/ (lower)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

b. Measurement of fair value *(Continued)*

Valuation technique and significant unobservable inputs

Investments in subsidiaries have been measured at fair value as follows:

Company

Company investments in subsidiaries analysis	31-Dec	31-Dec
	2022	2021
Mopani Copper Mine Plc	-	-
Misenge Environmental and Technical Services	45323	-
Kariba Minerals Limited	-	32,814
Kabundi Resources Limited	85,927	20,959
Limestone Resources Limited	172,553	172,553
Zambia Gold Company Limited	99,811	100,176
Central African Cement Company Limited	1,437	1,437
Total	**405,051**	**327,939**

Fair value hierarchy

The fair value measurement for the Company's investment in subsidiaries of ZMW405 million (2021: ZMW328 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used. The following table shows a reconciliation from the opening balances to the closing balances for level 2 and 3 fair values.

December 2022	Level 3	Total
Balance at 1 January	327,939	327,939
Additions	86,379	86,379
Change in fair value	(9,267)	(9,267)
Balance at 31 December	**405,051**	**405,051**

December 2021	Level 3	Total
Balance at 1 January	276,678	276,678
Additions	46,637	46,637
Change in fair value	4,624	4,624
Balance at 31 December	**327,939**	**327,939**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

c. Non-controlling interest *(continued)*

The Group includes three subsidiaries, Investrust Bank Plc, Zambia Gold Company Limited and Central Cement Company Limited, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Total comprehensive income allocated to NCI		Accumulated NCI	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Investrust Bank Plc	28.6%	28.6%	(746)	4,311	(36,129)	(35,383)
Zambia Gold Company Limited	49%	49%	(25,267)	(290)	(9,867)	15,400
Central cement company limited	51%	51%	-	(372)	(733)	(733)
Total			**(26,013)**	**3,649**	**(46,729)**	**(20,716)**

Summarised financial information for Investrust Bank Plc, Zambia Gold Company limited and Central Cement Company Limited, before intragroup eliminations, is set out below:

	31 Dec 2022	31 Dec 2022	31 Dec 2022
	Investrust Bank Plc	Zambia Gold Company Limited	Central African Company Limited
Non-current assets	56,424	90,958	-
Current assets	2,041,326	31,350	15
Total assets	**2,097,750**	**122,308**	**15**
Non-current liabilities	-	16,448	-
Current liabilities	2,249,997	13,777	-
Total liabilities	**2,249,997**	**30,225**	**-**
Equity attributable to owners of the parent	**(108,704)**	**46,962**	**7**
Equity attributable non-controlling interests	**(43,543)**	**45,121**	**8**
Revenue	259,695	574	-
Loss for the year attributable to owners of the parent	(1,862)	(26,298)	
Loss for the year attributable to NCI	(746)	(25,267)	-
Loss for the year	**(2,608)**	**(51,565)**	**-**
Net cash used in operating activities	(4,874)	(28,508)	-
Net cash used in investing activities	(342)	(6,855)	-
Net cash from financing activities	-	1,547	-
Net cash in/(out)flow	**(5,216)**	**(33,816)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

d. Acquisition of subsidiary *(continued)*

	31 Dec 2021	31 Dec 2021	31 Dec 2021
	Investrust Bank Plc	Zambia Gold Company Limited	Central African Company Limited
Non-current assets	56,766	87,952	-
Current assets	1,400,188	64,474	15
Total assets	**1,456,954**	**152,426**	**15**
Non-current liabilities	-	5,337	-
Current liabilities	1,606,593	12,521	-
Total liabilities	1,606,593	17,858	-
Equity attributable to owners of the parent	**(114,256)**	**119,176**	**7**
Equity attributable non-controlling interests	**(35,383)**	**15,392**	**8**
Revenue	217,309	70,299	-
Profit/(loss) for the year attributable to owners of the parent	10,762	(302)	(358)
Profit/(loss) for the year attributable to NCI	4,311	(290)	(372)
Profit/(loss) for the year	**15,073**	**(592)**	**(730)**
Net cash from/(used) in operating activities	301,528	11,215	(730)
Net cash used in investing activities	(5,104)	(69,264)	-
Net cash from financing activities	(16,089)	43,095	730
Net cash in/(out)flow	**280,335**	**(14,954)**	**-**

d. Acquisition of subsidiary

Mopani Copper Mines Plc

On 31 March 2021, ZCCM-IH successfully acquired additional 90% stake and voting rights in Mopani Copper Mine Plc at total consideration of US$1. Mopani is one of the oldest and largest copper and cobalt mines in Zambia and the acquisition has significantly increased the group's market share in the mining industry. ZCCM-IH having control of Mopani, is an opportunity for ZCCM-IH and its shareholders to extract the full value from the valuable underlying investment. This is in line with the ZCCM-IH's strategic plan to extract better value from its underlying investments and remedy some of the previous challenges associated with minority shareholding held in investee companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

d. Acquisition of subsidiary (Group) *(continued)*

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration

		ZMW '000
Cash consideration for acquisition of 90% stake (US$ 1)		-
Total consideration		-

Other Terms of the Acquisition

On completion of the transaction, the remaining debt in MCM from the Glencore International AG Facility (GIAG) and Carlisa Facility was ZMW 33.1 billion (US$1.5billion), with the excess being waived as part of this transaction. Interest under the remaining debt would be capitalised for the first three years after completion, and thereafter would be payable quarterly at LIBOR + 3% (subject to a switch to an equivalent interest rate based on Secured Overnight Financing Rate ("SOFR")). The principal outstanding under the remaining debt would be repayable under a dual mechanism as follows:

- 3% of gross revenue of the MCM group from 2021-2023 (inclusive), and 10 -17.5% of gross revenue of the MCM group thereafter; and
- 33.3% of EBITDA less taxes (limited to taxes in line with previous year's), changes in working capital, capital expenditure, royalty payments to Government of the Republic of Zambia ("GRZ") and interest and principal (calculated under the first mechanism) payments in respect of the Remaining Debt, is at the end of each quarter required to be paid. Repayment of principal (together with accrued interest) would be additionally be required in the event of an occurrence of certain other early prepayment events. These would include certain change of control events in respect of MCM, proceeds from capital raising or disposals and sales of product other than those pursuant to the Offtake Agreements, amongst others. If ZCCM IH ceases to control MCM or the GRZ ceases to control ZCCM IH, the Lenders may, at any time thereafter cancel the facilities and declare all loans, together with accrued interest, immediately due and payable. Control is specified as GRZ maintaining 50% shareholding in ZCCM IH and ZCCM IH maintaining 75% shareholding in MCM, with control of operations and appointment of directors. ZCCM shall guarantee the obligations of MCM under the GIAG Facility and the Carlisa Facility. After completion of the Transaction, Glencore will retain offtake rights in respect of a portion of MCM's copper production until the Remaining Debt has been repaid in full.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

d. Acquisition of subsidiary (Group) *(continued)*

ii. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised fair value amounts of assets acquired, and liabilities assumed at the date of acquisition:

	ZMW'000
Cash and cash equivalents	6,337
Trade and other receivables	2,152,412
Deferred tax asset on temporary difference arising on business combination	1,185,160
Environmental Protection Fund	115,506
Inventories	3,720,319
Property, plant and equipment	13,341,318
Mineral Rights (Note 19)	3,281,457
Brand intangible (Note 19)	1,507,223
Trade and other payables	(1,931,889)
Provisions (Note 32)	(976,753)
Borrowings(Note 35)	(33,121,500)
Deferred Tax Asset on fair Value uplift regarding Business Combination up to the extent of DTL	(1,185,160)
Retirement benefits (Note 37)	(223,990)
Provisions for environmental rehabilitation	(1,215,007)
Net identifiable liabilities acquired	(14,851,790)
Less fair value of pre-existing equity interest @ 10% interest	-
Goodwill	14,851,790
Net assets acquired	**-**

Trade and other receivables

The fair value of the Trade and other receivables as at the acquisition date was ZMW2,152m this included third party receivables, Glencore receivables and other third party receivables. The carrying value of the Trade and other Receivables was assumed to be equal to the FV as per valuation report done on 31 March 2021. This is due to the short term nature of the receivables. All amounts were deemed as collectable, and any amounts deemed as not collectable were written off prior to the acquisition date.

Provisions and Retirement Benefits

Long-term provisions include rehabilitation and restoration provision and retirement benefit provision.

Inventories

Inventory includes warehouse inventory, process inventory, slime stock and metal stock. Inventory was measured at the lower of cost and net realisable value. Based on information provided, carrying amounts reflected net realisable value therefore no adjustment was required.

Property, plant and equipment

Property, plant, and equipment ("PPE") is made up of the Capital projects underway and other categories disclosed.

PPE has been adjusted for economic obsolescence. This is primarily because of the enterprise value of Mopani being less than the PPE value of ZMW 13,320 m (US$600m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

ii. Identifiable assets acquired and liabilities assumed *(Continued)*

Mining Rights

The value of the mining right of ZMW3,281million (US$149 million) is based on a resource multiple approach. The outside LoM resources had been included in the model as a terminal value. The resources used for the outside LoM is the reserves in the competent person report and the resources as per the model.

Identifiable assets acquired and liabilities assumed.

Borrowings

Borrowings included amount related to Glencore advances.

Customer Relationship

The Glencore Customer relationships was not considered in PPA as it was assessed that the relationship would not yield any unique, identifiable, and measurable future economic benefits.

Deferred tax liability

The deferred tax liability arising on fair value uplifts on business combinations has been recognized. The following table shows the valuation technique used in measuring the fair value of the business acquired as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs and key assumptions
The DCF method calculates the value of a business from its expected free cash flow at the firm required rate of return (discount rate or "WACC"), using mid period discounting (as the cash flows are assumed to be earned semi-annually).	• Risk-free rate 0.1% • Rating based Default Spread 11.6% • Country risk premium 10.6% • Synthesized risk-free rate range 10.7% to 11.7% • Beta range 0,88 to1,13 • Market risk premium range 5.5% to 6.0% • Cost of equity excluding risk premiums 16.9% to 17.9% • Specific risk premium 1.5% to 2.0% • Cost of equity 17.5% to 19.91% • Cost of debt 2.5% to 3.5% • Tax 30.0% • WACC: range 13.71% to 15.37% • For the period between 2022 and 2024, the average copper and gold price used were obtained from a sample of investment banks. From 2025 onwards, a flat rate of US$3.95 /lb copper and US$1,631/oz gold was used.TT • The Mineral Royalty Tax (MRT) for copper (a sliding scale – between 10% - 5.5%, with the higher bands being: 10% for Cu price over US$4.08/lb, 8.5% for price between US$4.08/lb – US$3.4/lb and 7.5% for prices between US$3.4 – US$2.72/lb) is assumed to be 8.5% over the LOM. • The MRT for cobalt revenue, which is fixed, remains at 8.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

d. Acquisition of subsidiary (Group) *(continued)*

iii. Contingent consideration

There was no contingent consideration related to the transaction.

iv. Contingent liabilities of Mopani

A provision of ZMW 376,430,730 (US$20,852,000) was recognised on the acquisition of Mopani Copper Mines Plc. This provision relates to litigation claims as a result of cancellation of previous service providers' contracts. The significant portion of the provision related to this case,

Group Five Zambia Limited vs. Mopani Copper Mines Plc In this case, Group Five Zambia Limited has filed a notification with the International Chamber of Commerce International Court of Arbitration relating to a dispute they have with Mopani regarding alleged non-payment of contractual amounts for works executed on the newly constructed Concentrator at Nkana Mines Site. The claim is for amounts well over US$6,000,000. Mopani is defending these claims. As at 1 April 2021, It was unlikely that courts would rule this case against Mopani and there has been no change in this position up to the date of approval of these financial statements.

Mopani had the following legal/ arbitration proceeding considered material at the date of acquisition for which the probability of an adverse outcome was very low resulting into no provision being made,

ERB tariffs of 2014 - The Energy Regulation Board (ERB) awarded an electricity tariff increase to ZESCO applicable to all mining companies with effect from 2 April 2014. The ERB communicated a 28.8% increase of tariffs under the Bulk Supply Agreement (BSA) between ZESCO and the CEC. This tariff was applicable for the period between April 2014 to December 2015. The mines have contested this tariff increase and commenced an action in the High Court by way of Judicial Review. As at 31 December 2021, the matter was still pending determination in the High Court.

Pursuant to the ERB directive, ZESCO had invoiced the CEC on the basis of the new tariffs and the CEC, in turn, invoiced its mining customers on the same basis. The value of potential claims against the Mopani Copper Mines (MCM) that would likely result from an unfavourable outcome as at 31 December 2021 is estimated at ZMW 1,646 million (US$99 million (2020: US$99 million)). A tariff was agreed amongst the parties in 2017 and was effective on that date onwards with a prospective application. Therefore, the contingent amount remains at the disclosed amount since 2017 of US$99 million until the uncertainty is resolved by the courts.

As regards the ERB tariffs of 2014 matter, the consent judgement subsequently issued in October 2022 in favour of mopani, was already mutually agreed upon through an out-of-court discussions at the time of Mopani's acquisition by ZCCM- IH on 31 March 2021, As such, management assessed the fair value of any contingency to be nil, so did not recognize a provision related to this contingent liability.

For the contingent liabilities above, due to the nature of the contingent liabilities,

- There were no amounts reversed unused.
- There were no discounted amount arising from the passage of time.
- There were no expected reimbursements.
- There were no probabilities provided as the full claim value were considered for initial recognition.

vi. Revenue and profit contribution

The acquired business contributed revenues of ZMW14.49 billion and net loss of ZMW 1.43 billion to the Group for the period from 1 April to 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23. Investment in subsidiaries *(Continued)*

d. Acquisition of subsidiary (Group) *(continued)*

vi. Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	2021
	ZMW'000
Cash consideration	-
Less: Balances acquired	
Cash	6,337
Bank overdraft	-
Net inflow of cash – investing activities	**6,337**

vii. Acquisition-related costs

Acquisition-related costs of ZMW55.1 million that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

viii. Fair Value of derecognised 10% stake in Mopani

The fair value assessment of the 10% shareholding conducted as at acquisition date resulted in a nil value.

24. Investment in associates

a. Reconciliation of carrying amounts

	Group		Company	
	2022	2021	2022	2021
Balance at 1 January	17,067,159	19,351,000	20,603,089	20,666,806
Share of profit of equity accounted associates	1,603,143	3,004,542	-	-
Share of other comprehensive income	11,123	52,304	-	-
Dividend received	(4,868,317)	(956,437)	-	-
Change in fair value (unrealised)	-	-	(4,346,678)	(63,717)
Currency translation adjustment	1,361,754	(4,384,250)	-	-
Total balance	**15,174,862**	**17,067,159**	**16,256,411**	**20,603,089**

Investments in associates are measured at fair value in the Company's statement of financial position. In the consolidated financial statements, investments in associates are equity - accounted.

The decrease in fair value from ZMW 20.60 million to ZMW16.26 million is largely on account of reduced forecasted copper prices in the long term as compared to prior year projections, in addition to the receipt of US$195 million one off dividend from Kansanshi Mine Plc during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

a. Reconciliation of carrying amounts *(Continued)*

Name	Nature of relationship	Principal place of business	Ownership interest	Fair value of ownership interest ZMW' million	Functional currency
Konkola Copper Mines Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20.60%	Nil	US$
Kansanshi Mining Plc	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	11,036	US$
Copperbelt Energy Corporation Plc	Strategic way of promoting Zambian participation in the power and energy sector	Zambia	24.1%	1,481	US$
CNMC Luanshya Copper Mining limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	744	US$
Maamba Collieries Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	35%	2,966	US$
Lubambe Copper Mines Limited	Strategic way of promoting Zambian participation in the mining sector	Zambia	20%	Nil	US$
Rembrandt Properties Limited	Diversification of investments in real estate	Zambia	49%	20	ZMW
Zambia Consolidated Gold Company Limited	Strategic way of promoting Zambian participation in Gold mining and processing	Zambia	49%	10	ZMW

The following are considered when determining the level of control or influence over the investee companies:

i. ZCCM-IH's representation on the Board of the investee company

ii. Appointment of key management staff

ii. Number of voting rights

iv. Currently ZCCM-IH appoints directors in line with its percentage holding on all the Boards of its associates, and as such it exercise's significant influence over them.

Many of the investee companies have United States Dollars (US$) as their functional currency, due to the nature of the mining industry, although all investee companies are domiciled in Zambia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

b. Investment in associates' analysis *(continued)*

Group

Summary of financial information for material equity accounted investees.

Where the equity accounted value is zero, no further losses are recognised by ZCCM-IH as there is no obligation to settle any liabilities. The equity accounted value was zero for Konkola Copper Mines Plc and Lubambe Copper Mines Limited as at 31 December 2022. There was no profit or loss from discontinued operations.

Summary of financial information for material equity accounted investees.

Dec-22												
Investee companies	Accounting year end	Country of incorporation	% interest held	Assets Current	Non-Current Assets	Liabilities Current	Liabilities Non-Current	Assets Current	Revenues	Profit/ (Loss)	Share of profit/ (loss)	Share of profit/ (loss) not recognised	Share of net assets
				ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Kansanshi Mining Plc	31-Dec	Zambia	20.0%	19,373,853	47,737,850	(2,260,408)	(9,994,207)	54,857,088	25,982,597	2,624,472	524,894	-	10,971,418
Copperbelt Energy Corporation Plc	31-Dec	Zambia	24.1%	2,731,650	9,224,557	(3,103,983)	(2,866,881)	5,985,343	6,384,202	866,413	208,806	-	1,442,468
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20.0%	3,454,653	3,027,188	(2,441,601)	(1,058,147)	2,982,093	7,949,648	1,683,023	336,605		596,419
Maamba Collieries Limited	31-Mar	Zambia	35.0%	12,192,257	8,669,716	(4,760,267)	(10,052,793)	6,048,913	4,751,431	1,533,668	536,784	-	2,117,120
Lubambe Copper Mines Limited	31-Dec	Zambia	20.0%	1,374,664	4,203,226	(2,192,239)	(14,071,280)	(10,685,629)	2,382,201	(1,826,317)	-	(365,263)	-
Rembrandt Properties Ltd	31-Dec	Zambia	49.0%	14	150,305	(27,126)	(51,818)	71,375	-	-	-	-	34,974
Consolidated Gold	31-Dec	Zambia	45.0%	521	36,554	(9,380)	-	27,695	50,810	(8,768)	(3,946)	-	12,463
				39,127,612	**73,049,396**	**(14,795,004)**	**(38,095,126)**	**59,286,878**	**47,500,889**	**4,872,491**	**1,603,143**	**(365,263)**	**15,174,862**

The financial statements of the Company and associates used in the preparation of the current consolidated financial statements have the same reporting date of 31 December except for Maamba and Konkola Copper Mine. For the two-investee companies with different reporting date from that of the Company, their financial information has been adjusted to align to the reporting date of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

b. Investment in associates' analysis *(continued)*

Group

Summary of financial information for material equity accounted investees.

													Dec-21
Investee companies	Accounting year end	Country of incorporation	% Interest held	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Net asset value	Revenues	Profit/ (Loss)	Share of profit/ (loss)	Share of profit/ (loss) not recognised	Share of net assets
Konkola Copper Mines Plc	31-Mar	Zambia	20.60%	9,109,490	22,586,680	(36,431,613)	(16,699,923)	(21,435,366)	27,318,364	(9,825,055)	-	(2,023,961)	-
Kansanshi Mining Plc	31-Dec	Zambia	20.00%	39,146,273	45,664,111	(5,555,093)	(10,000,479)	69,254,812	39,569,003	12,086,497	2,417,299	-	13,850,962
Copperbelt Energy Corporation Plc	31-Dec	Zambia	24.10%	2,968,272	8,275,915	(2,726,269)	(3,027,286)	5,490,632	6,739,600	1,008,402	243,025	-	1,323,242
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20.00%	2,817,153	2,673,993	(2,308,325)	(1,050,179)	2,132,642	10,166,621	2,827,764	426,528	139,025	426,528
Maamba Collieries Ltd	31-Mar	Zambia	35.00%	9,477,432	8,427,195	(7,230,778)	(6,590,970)	4,082,879	3,968,892	(222,030)	(77,711)	-	1,429,008
Lubambe Copper Mines Ltd	31-Dec	Zambia	20.00%	1,081,606	3,662,298	(1,815,775)	(13,112,013)	(10,183,884)	2,923,911	(1,810,259)	-	(362,052)	-
Rembrandt Properties Ltd	31-Dec	Zambia	49.00%	1,690	140,986	(22,223)	(78,578)	41,875	-	-	-	-	20,519
Consolidated Gold Company Ltd	31-Dec	Zambia	45.00%	11,380	35,582	(9,406)	-	37,556	44,965	(10,221)	(4,599)	-	16,900
Totals				**64,613,296**	**91,466,760**	**(56,099,482)**	**(50,559,428)**	**49,421,146**	**90,731,356**	**4,055,098**	**3,004,542**	**(2,246,988)**	**17,067,159**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

b. Investment in associates' analysis *(continued)*

Company

Summary of fair values for equity accounted investees held by the Company:

		% Interest	31 Dec 2022	% Interest	31 Dec 2021
Copperbelt Energy Corporation Plc	c(i)	24.1	1,480,987	24.1	1,038,258
Kansanshi Mining Plc	c(ii)	20.0	11,036,000	20.0	15,799,000
Konkola Copper Mines Plc	c(v)	20.6	-	20.6	-
Lubambe Copper Mine Limited	c(vi)	20.0	-	20.0	-
Maamba Collieries Limited	c(iii)	35.0	2,965,600	35.0	2,203,000
CNMC Luanshya Copper Mines Plc	c(iv)	20.0	744,000	20.0	1,513,000
Rembrandt Properties Limited		49.0	20,324	49.0	20,324
Consolidated Gold Company Limited		49.0	9,500	49.0	29,507
			16,256,411		**20,603,089**

c. Measurement of fair value

Fair value hierarchy

The fair values of the Company's investment in associates were determined by Imara Corporate Finance, an external independent fair valuation expert, having appropriate recognised professional qualifications and experience. The independent valuers provide the fair value of the Company's associates annually. The fair value moved from ZMW20.6 billion in Dec 2021 to ZMW16.26 billion in December 2022.

The fair value measurement for the Company's investment in associates of ZMW14.78 billion (2021: ZMW19.56 billion) has been categorised as a level 3 fair value based on the inputs to the valuation technique used (see Note 5). For Copperbelt Energy Corporation Plc, ZMW1.48 billion (2021: ZMW1.04 billion) has been categorised as a level 2 based on the level of activity in the market which is deemed to be insufficient i.e., shares are not traded sufficiently for it to be classified as a level 1 fair value (see note 2).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

c. Measurement of fair value *(continued)*

The following table shows a reconciliation from the opening balances to the closing balances for level 2 and 3 fair values.

	Level 2	Level 3	Total
Balance at 1 January 2022			
Kansanshi Mining Plc	-	15,799,000	15,799,000
Copperbelt Energy Corporation Plc	1,038,258	-	1,038,258
CNMC Luanshya Copper Mine Plc	-	1,513,000	1,513,000
Maamba Collieries Limited	-	2,203,000	2,203,000
Rembrandt Properties Ltd	-	20,324	20,324
Consolidated Gold Company Limited	-	29,507	29,507
Sub Total	**1,038,258**	**19,564,831**	**20,603,089**
Fair value movement			
Kansanshi Mining Plc	-	(4,763,000)	(4,763,000)
Copperbelt Energy Corporation Plc	442,729	-	442,729
CNMC Luanshya Copper Mine Plc	-	(769,000)	(769,000)
Maamba Collieries Limited	-	762,600	762,600
Consolidated Gold Company Limited	-	(20,007)	(20,007)
Sub Total	**442,729**	**(4,789,407)**	**(4,346,678)**
Balance at 31 December 2022			
Kansanshi Mining Plc	-	11,036,000	11,036,000
Copperbelt Energy Corporation Plc	1,480,987	-	1,480,987
CNMC Luanshya Copper Mine Plc	-	744,000	744,000
Maamba Collieries Limited	-	2,965,600	2,965,600
Rembrandt Properties Ltd	-	20,324	20,324
Consolidated Gold Company Limited	-	9,500	9,500
Total balance	**1,480,987**	**14,775,424**	**16,256,411**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

c. Measurement of fair value *(continued)*

	Level 2	Level 3	Total
Balance at 1 January 2021			
Kansanshi Mining Plc	-	15,276,000	15,276,000
Copperbelt Energy Corporation Plc	430,975		430,975
CNMC Luanshya Copper Mine Plc	-	1,125,000	1,125,000
Maamba Collieries Limited	-	3,785,000	3,785,000
Rembrandt Properties Ltd	-	20,324	20,324
Consolidated Gold Company Limited	-	29,507.00	29,507
	430,975	**20,235,831**	**20,666,806**
Fair value movement			
Kansanshi Mining Plc	-	523,000	523,000
Copperbelt Energy Corporation Plc	607,283	-	607,283
CNMC Luanshya Copper Mine Plc	-	388,000	388,000
Maamba Collieries Limited	-	(1,582,000)	(1,582,000)
	607,283	**(671,000)**	**(63,717)**
Balance at 31 December 2021			
Kansanshi Mining Plc	-	15,799,000	15,799,000
Copperbelt Energy Corporation Plc	1,038,258	-	1,038,258
CNMC Luanshya Copper Mine Plc	-	1,513,000	1,513,000
Maamba Collieries Limited	-	2,203,000	2,203,000
Rembrandt Properties Ltd	-	20,324	20,324
Consolidated Gold Company Limited	-	29,507	29,507
	1,038,258	**19,564,831**	**20,603,089**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

c. **Measurement of fair value** *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in a ssociates as well as the significant unobservable inputs used. The following table shows the valuation technique used in measuring the fair value of the investment in associates as well as the significant of observation inputs used.

Associate	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Kansanshi Mining	**Discounted cash flows:** It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates. **Relative valuation:** The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics	• **Target participation capital structure** - Debt to total capitalisation (2022:21.0%, 2021:14.3%). - Equity to total capitalisation (2022:79.0%, 2021:85.7%) • **Cost of debt** - Cost of debt (2022: 8.0%, 2021: 13.4%) - Effective tax rate (2022: 30%, 2021: 30%) - After tax cost of debt (2022: 5.6%, 2020: 9.4%) • **Cost of equity** - Risk free rate (2022: 3.88%, 2021: 1.51%) - Market risk premium (2022: 10.29%, 2021: 16.11%) - Levered beta (2022: 0.98, 2021: 0.95). - Cost of equity (2022:16.8%, 2021: 16.8%) - WACC (2022: 14.45%, 2021: 15.75%) • **Key assumptions considered were as follows:** - Mineral Royalty tax is assumed as follows for copper (a sliding scale – from 4% to 10%, with the higher bands being: 10% for Cu price over US$9,000/t. Mineral royalty is treated as deductible from income tax from 2023 onwards. - The MRT for gold revenue is assumed at a fixed rate of 6% and is treated as deductible from income tax from 2023 onwards. - Copper prices is projected at US$8,080 per tonne in 2023 and steadily increase to US$8,550 per tonne in 2024. Gold prices projected at US$1,796/oz in 2023 and to steadily decrease to US$1,780/ oz in 2024. After 2024, Copper and Gold prices projected at flat rate of US$1.717/oz and US$9,085 per tonne respectively. - Capex expenditure has been projected at US$3.1 billion over the life of mine budget incorporating the S3 expansion. - Life of mine was estimated to be 23 years.	The estimated fair value would increase/(decrease) if: • Equity to total capitalisation were (lower)/higher • Cost of debt were higher/(lower) • The cost of equity were higher /(lower). • If the copper price reduced/ increased the fair value would be higher/(lower).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

c. Measurement of fair value *(continued)*

Associate	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Maamba Collieries	**Discounted cash flows:** It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates. There has been no changes to the valuation technique applied in the prior year. **Relative valuation:** The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics.	• **Target participation capital structure** - Debt to total capitalisation (2022: 36.7%, 2021: 39%). - Equity to total capitalisation (2022:63.4%, 2021: 61%) • **Cost of debt** - Cost of debt (2022: 10.20%, 2021: 13.38%) - Effective tax rate (2022:30 %, 2021: 30%) - After tax cost of debt (2022: 7.28%, 2021: 8.70%) • **Cost of equity** - Risk free rate (2022:3.88 %, 2021: 1.51%) - Market risk premium (2022: 26.7 %, 2021:16.1%) - Levered beta (2022: 0.34, 2021: 0.65) - Cost of equity (2022: 16.6%, 2021: 11.6%) - **WACC** (2022: 13.20, 2021: 11.17%) • **The assumptions considered were as follows:** - PPA is valid until 2036 - The MRT on coal is projected at 5% throughout the forecast period - Plant Availability is assumed to be 88.81%. For the years 2025, 2029 and 2033, plant availability is reduced by 10.38% to allow for major rehabilitation works. - Projected to produce an annual average of 1.9 million MWH - Projected to mine an annual average of 350,000 tonnes of high-grade coal - Projected to mine an annual average of 1.5 million tonnes of thermal coal	**The estimated fair value would increase /(decrease) if:** • Equity to total capitalisation were (lower)/higher • Cost of debt were (higher)/lower • The cost of equity were (lower)/higher • Coal sales prices increase/ decrease. • Capital Expenditure increase/decrease

The following table shows the valuation technique used in measuring the fair value of investment in associates as well as the significant unobservable inputs used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

c. Measurement of fair value *(continued)*

Associate	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
CNMC Luanshya Copper Mines Plc	**Discounted cash flows:** It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	• **Target participation capital structure** - Debt to total capitalisation (2022: 21.00%, 2021: 16.30%) - Equity to total capitalisation (2022: 79.00%, 2021: 83.70%) • **Cost of debt** - Cost of debt (2022: 7.00%, 2021: 7.00%) - Effective tax rate (2022: 30%, 2021: 30%) - After tax cost of debt (2022: 4.90%, 2021: 4.90%) • **Cost of equity** - Risk free rate (2021: 3.88%, 2021: 1.51%) - Market risk premium (2022: 13.19%, 2021: 16.11%) - Levered beta (2022: 1.16, 2021: 1.06). - Cost of equity (2022:19.21%, 2021:18.56%) - WACC (2022: 16.21%, 2021: 16.65%) • **Key assumptions considered were as follows:** - Mineral Royalty tax is assumed as follows for copper (a sliding scale – from 4% to 10%, with the higher bands being: 10% for Cu price over US$9,000/t. Mineral royalty is treated as deductible from income tax from 2023 onwards. - The MRT for gold revenue is assumed at a fixed rate of 6% and is treated as deductible from income tax from 2023 onwards. - Copper prices is projected at US$8,080 per tonne in 2023 and steadily increase to US$8,550 per tonne in 2024. Gold prices projected at US$1,796/oz in 2023 and to steadily decrease to US$1,780/ oz in 2024. After 2024, Copper and Gold prices projected at flat rate of US$1.717/oz and US$9,085 per tonne respectively. - Capex expenditure has been projected at US$ 177 million over the life of mine - Life of mine was estimated to be 3 years.	The estimated fair value would increase/ decrease if: • Equity to total capitalisation were lower/higher • Cost of debt were lower/ higher • The cost of equity were lower/higher. • If the copper price reduced/ increased the fair value would be lower/higher.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

c. Measurement of fair value *(continued)*

i. Copperbelt Energy Corporation Plc (CEC)

CEC is listed on Lusaka Securities Exchange (LuSE) and consequently the valuation was based on the spot price and has been categorised as level 2 as shown below:

		Mark to market
	31-Dec	31-Dec
	2022	2021
Details		
Spot price per share at 31 December (ZMW)	3.78	2.65
Number of issued shares owned	391,795,562	391,795,562
Market value (ZMW'000)	**1,480,987**	**1,038,258**

ii. Kansanshi Mining Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and long-term average copper price over the life of mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2022

						Equity Value Sensitivity Analysis
						Long-Term Average Copper Price (US$/lb)
		3.71	**3.91**	**4.12**	**4.33**	**4.53**
WACC	**13.0%**	10,024,000	11,026,000	12,028,000	13,031,000	14,033,000
	13.7%	9,613,000	10,563,000	11,513,000	12,463,000	13,413,000
	14.5%	9,232,000	10,134,000	**11,036,000**	11,938,000	12,840,000
	15.2%	8,880,000	9,737,000	10,594,000	11,451,000	12,308,000
	15.9%	8,554,000	9,369,000	10,184,000	10,999,000	11,815,000

The equity value ranges from ZMW9,737 million (2021: ZMW15,287 million) to ZMW12,463 million (2021: ZMW16,232 million) with the calculated equity value being ZMW11,036 million (2021: ZMW15,799 million).

2021

						Equity Value Sensitivity Analysis
		Long-Term Average Copper Price (US$/lb)				
		2.67	2.82	**2.97**	3.12	3.27
WACC	**14.1%**	15,397,000	15,795,000	16,194,000	16,452,000	16,843,000
	14.9%	15,239,000	15,614,000	15,989,000	16,232,000	16,600,000
	15.7%	15,092,000	15,445,000	**15,799,000**	16,027,000	16,374,000
	16.5%	14,954,000	15,287,000	15,620,000	15,835,000	16,163,000
	17.3%	14,824,000	15,139,000	15,453,000	15,636,000	15,966,000

2021 The equity value ranges from ZMW15,287 million (2020: ZMW14,829 million) to ZMW16,232 million (2020: ZMW15,460 million) with the calculated equity value being ZMW15,799 million (2020: ZMW15,276 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

c. Measurement of fair value *(continued)*

iii. Maamba Collieries Limited

A sensitivity analysis table of the equity value, which is based on the discount rate over the life of power plant indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2022

						MRT AND ERB FEES
		5.13%	5.42%	5.70%	5.99%	6.27%
WACC	11.9%	3,236,000	3,235,000	3,233,000	3,231,000	3,229,000
	12.5%	3,099,000	3,098,000	3,096,000	3,094,000	3,093,000
	13.2%	2,969,000	2,967,000	**2,965,600**	2,964,000	2,962,000
	13.9%	2,845,000	2,843,000	2,842,000	2,840,000	2,838,000
	14.5%	2,726,000	2,725,000	2,723,000	2,722,000	2,720,000

The equity value ranges from ZMW2,843 million (2021: ZMW2,088 million) to ZMW3,094 million (2021: ZMW 2,324 million) with the calculated equity value being ZMW2,966 million (2021: ZMW2,203 million).

						MRT AND ERB FEES
		10%	7.2%	5.7%	4.2%	5.0%
WACC	9.7%	2,456,000	2,451,000	2,451,000	2,447,000	2,447,000
	10.2%	2,333,000	2,329,000	2,329,000	2,324,000	2,324,000
	10.7%	2,206,000	2,206,000	**2,203,000**	2,202,000	2,198,000
	11.3%	2,088,000	2,088,000	2,084,000	2,084,000	2,080,000
	11.8%	1,970,000	1,970,000	1,966,000	1,966,000	1,966,000

The equity value ranges from ZMW2,088 million (2020: ZMW892 million) to ZMW2,324 million (2020: ZMW 3,437 million) with the calculated equity value being ZMW2,203 million (2020: ZMW3,785 million)

iv. CNMC Luanshya Copper Mines Plc

A sensitivity analysis table of the equity value, which is based on the discount rate over the life of mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24. Investment in associates *(Continued)*

c. Measurement of fair value *(continued)*

iv. CNMC Luanshya Copper Mines Plc(continued)

2022

		Equity Value Sensitivity Analysis				
		Long-Term Copper Price (US$ / lb)				
		3.72	3.91	4.12	4.33	4.54
WACC	14.6%	557,000	655,000	759,000	862,000	971,000
	15.4%	552,000	649,000	751,000	854,000	961,000
	16.2%	547,000	643,000	744,000	845,000	951,000
	17.0%	543,000	637,000	737,000	836,000	941,000
	17.9%	538,000	631,000	729,000	827,000	930,000

The equity value ranges from ZMW637 million (2021: (ZMW 1,352 million)) to ZMW854 million (2021: ZMW 1,654 million) with the calculated equity value being ZMW744 million (2021: ZMW1,513 million).

2021

		Equity Value Sensitivity Analysis				
		Long-Term Copper Price (US$ / lb)				
		2.67	2.82	2.97%	3.12	3.27
WACC	12.6%	1,409,000	1,524,000	1,646,000	1,728,000	1,854,000
	14.6%	1,354,000	1,462,000	1,577,000	1,654,000	1,773,000
	16.6%	1,303,000	1,405,000	1,513,000	1,587,000	1,698,000
	18.6%	1,256,000	1,352,000	1,454,000	1,524,000	1,629,000
	20.6%	1,212,000	1,303,000	1,400,000	1,465,000	1,565,000

The equity value ranges from ZMW1,352 million (2020: ZMW914 million) to ZMW1,654 million (2020: ZMW1,265 million) with the calculated equity value being ZMW1,513 million (2020: ZMW1,125 million).

v. Konkola Copper Mines Plc (KCM)

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2021: nil).

vi. Lubambe Copper Mine Limited

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

25. Financial assets at fair value through profit or loss

a. Reconciliation of carrying amounts

	Group and Company		
	31 Dec 2022		31 Dec 2021
Balance at 1 January	1,458,000		292,000
Changes in fair value (unrealised)	(205,600)		1,166,000
	1,252,400		**1,458,000**

Financial assets at fair value through profit or loss include the following:

		Group and Company		
		31 Dec 2022		31 Dec 2021
Unlisted equities – at fair value				
Chibuluma Mines Plc	b(i)	-		-
Chambishi Metals PLC	b(ii)	-		-
NFC Africa Mine PLC	b(iii)	1 252,400		1,458,000
		1,252,400		**1,458,000**

b. Measurement of fair value

Fair value hierarchy

The fair value for the Company's financial investments at fair value through profit or loss was determined by IMARA Corporate Finance, an external independent valuer, having appropriate recognised professional qualifications and recent experience of the financial investments being valued. The independent valuers provide the fair value of these investments annually.

The fair value measurement for the Company's investments of ZMW 1.25 billion (2021: ZMW1.46 billion) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

25 Financial assets at fair value through profit or loss (continued)

b. Measurement of fair value *(continued)*

Level 2 and 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 2 and 3 fair values.

31 Dec 2022	Level 2	Level 3	Total
Balance at 1 January	-	1,458,000	1,458,000
Net change in fair value	-	(205,600)	(205,600)
Balance at 31 December		**1,252,400**	**1,252,400**
31 Dec 2021	**Level 2**	**Level 3**	**Total**
Balance at 1 January	-	292,000	292,000
Net change in fair value	-	1,166,000	1,166,000
Balance at 31 December	**-**	**1,458,000**	**1,458,000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

25 Financial assets at fair value through profit or loss *(continued)*

b. Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs The following table shows the valuation technique used in measuring the fair value of investment in associates as well as the significant unobservable inputs used.Measurement of fair value (continued)

Level 2 and 3 fair value

Associate	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
NFC Africa Mining Plc	**Discounted cash flows:** It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates. There has been no changes to the valuation technique applied in the prior year **Relative valuation:** The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics	• ***Target participation capital structure*** Debt to total capitalisation (2022: 21.0%, 2021: 14.3%%). Equity to total capitalisation (2022: 79.0%, 2020: 85.7%%) • ***Cost of debt*** - Cost of debt (2022: 10.0%, 2021: 13.4%) - Effective tax rate (2022:30 %, 2021: 30%) - After tax cost of debt (2022: 7.0 %, 2021: 9.4%) • ***Cost of equity*** - Risk free rate (2022:3.90 %, 2021: 1.51%) - Market risk premium (2022:13.2%, 2021:16.1%) - Levered beta (2022: 1.16, 2021: 1.06) - Cost of equity (2022: 19.2%, 2021: 18.5%) - **WACC:** (2022: 16.6%, 2021: 17.2%) • ***The assumptions considered were as follows:*** - Mineral Royalty tax is assumed as follows for copper (a sliding scale – from 4% to 10%, with the higher bands being: 10% for Cu price over US$9,000/t. Mineral royalty is treated as deductible from income tax from 2023 onwards. - The MRT for gold revenue is assumed at a fixed rate of 6% and is treated as deductible from income tax from 2023 onwards. - Copper prices is projected at US$8,080 per tonne in 2023 and steadily increase to US$8,550 per tonne in 2024. Gold prices projected at US$1,796/oz in 2023 and to steadily decrease to US$1,780/ oz in 2024. After 2024, Copper and Gold prices projected at flat rate of US$1.717/oz and US$9,085 per tonne respectively. - Capex is projected at US$12.5 million annually throughout the life of mine - Copper prices is projected at US$8,080 per tonne in 2023 and steadily increase to US$9,085 per tonne in 2024. Gold prices projected at US$1,796/t oz in 2023 and to steadily decrease to US$1,780/t oz in 2024. After 2024, Copper and Gold prices projected at flat rate of US$1.717/lb and US$1,9,085/oz respectively. - Life of mine: 13 years	• The estimated fair value would increase/ decrease if: • Equity to total capitalisation were lower/ higher • Cost of debt were lower/ higher • The cost of equity were lower/higher. • If the copper price reduced/ increased the fair value would be lower/higher.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

25 Financial assets at fair value through profit or loss (continued)

b. Measurement of fair value *(continued)*

i. Chibuluma Mines Plc

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2021: nil).

ii. Chambishi Metals Plc

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2021: nil).

iii. NFC Africa Mines Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and long-term average copper price over the life of mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2022

	Equity Value Sensitivity Analysis					
		Long-Term Average Copper Price (US$/lb)				
	3.71	3.91	4.12	**4.33**	4.53	3.71
WACC	**12.0%**	1,451,000	1,584,000	1,716,000	1,849,000	1,981,000
	13.3%	1,240,000	1,353,000	1,467,000	1,580,000	1,694,000
	14.0%	1,057,000	1,155,000	**1,252,000**	1,350,000	1,447,000
	14.7%	899,000	983,000	1,067,000	1,151,000	1,235,000
	16.2%	760,000	833,000	906,000	979,000	1,052,000

The equity value ranges from ZMW 983 million (2021: ZMW 1,220 million) to ZMW1,580 million (2021: ZMW1, 746 million) with the calculated equity value being ZMW1,252 million (2021: ZMW1,458 million).

2021

	Equity Value Sensitivity Analysis					
		Long-Term Average Copper Price (US$/lb)				
		3.02	3.18	**3.35**	3.52	3.69
WACC	**13.2%**	1,662,000	1,771,000	1,880,000	1,989,000	2,098,000
	15.2%	1,467,000	1,560,000	1,653,000	1,746,000	1,840,000
	17.2%	1,298,000	1,378,000	**1,458,000**	1,538,000	1,618,000
	19.2%	1,151,000	1,220,000	1,290,000	1,359,000	1,428,000
	21.2%	1,023,000	1,083,000	1,143,000	1,203,000	1,262,000

The equity value ranges from ZMW1,220 million (2020: ZMW 116 million) to ZMW1,746 million (2020: ZMW 469 million) with the calculated equity value being ZMW1,458 million (2020: ZMW292 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

26. Inventories

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Consumable stores	764,324	655,909	-	-
Production stock	4,062,702	3,887,509	-	-
Stockpiles	39,112	51,248	-	-
Gold nuggets	43,928	49,535	16,427	22,034
Gemstones	11,300	7,685	-	-
Balance at 31 December	**4,921,366**	**4,651,886**	**16,427**	**22,034**

Assets pledged as security

Refer to note 40 (vii) for information on current assets pledged as security by the Group.

27. Trade and other receivables

Group Dec 2022			
Current	Gross	Expected credit loss	Net
Trade receivables	367,646	(6,557)	361,089
Dividend receivable	186,381	(78,174)	108,207
Prepayments	150,653	(152)	150,501
VAT receivable	5,358	(170)	5,188
Other receivables*	143,088	(40,903))	102,185
Amounts due from related parties (note 39b (iii))	36,830	(1,169)	35,661
Price participation receivable (see note below)	9,182	(9,182)	-
Total current recievables	**899,138**	**(136,307)**	**762,831**
Non-current			
Other receivables and prepayments*	3,659,482	(1,595,766)	2,063,716
Amounts due from related parties (note 39b(iii))	1,819,475	(951,652)	867,823
Total non-current recievables	**5,478,957**	**(2,547,418)**	**2,931,539**
Total balance	**6,378,095**	**(2,683,725)**	**3,694,370**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

27 Trade and other receivables *(continued)*

Group Dec 2021			
Current	Gross	Expected credit loss	Net
Trade receivables	818,792	(6,114)	812,678
Dividend receivable	78,066	(78,066)	-
Prepayments	177,149	-	177,149
VAT receivable	3,559,250	(1,595,766)	1,963,484
Other receivables*	205,783	(78,089)	127,694
Amounts due from related parties (note 39b (iii))	184,436	(466)	183,970
Price participation receivable (see note below)	9,182	(9,182)	-
Total current recievables	**5,032,658**	**(1,767,683)**	**3,264,975**
Non-current			
Other receivables and prepayments	653,960	-	653,960
Amounts due from related parties (note 39b(iii))	1,631,582	(955,104)	676,478
Total non-current recievables	**2,285,542**	**(955,104)**	**1,330,438**
Total receivables balance	**7,318,200**	**(2,722,787)**	**4,595,413**

The carrying values of trade and other receivables approximates their fair values.

Assets pledged as security

Refer to note 40 (vii) for information on current assets pledged as security by the Group.

VAT receivables

Valued Added Tax ("VAT") receivable balance of ZMW3.6 billion relates to Mopani. Of this balance, A time value of money adjustment of ZMW1,595 million has been recognised given the long-term nature of VAT refunds. Management deems the gross VAT receivable is fully recoverable based on ZRA verification procedures conducted up as at the end of the financial year.

An assessment of output tax amounting to US$362 million (ZMW3.6 billion) had been raised by ZRA. The assessment covers the years 2011, 2012 and the first quarter of 2013. The basis of assessment is that the Company has not provided all the evidence that was required under the old Rule 18 of the VAT (General) Rules to prove an export and in particular the requirement to submit customs import certificates from the country of final destination. As a consequence, all sales of metal that were zero rated in the returns have been standard rated by assessment by ZRA.

In 2015, VAT Rule 18 was subsequently amended to allow exporters to submit transit documents issued by the customs authority in the country of transit of the goods instead of import certificates from the country of final destination, as proof of export for purposes of VAT zero rating. The amendment was with effect from 23 February 2015. As a result, the Company has been able to claim and receive VAT refunds claimed after 1 March 2015.

A provision for impairment has not been raised in respect of the VAT recoverable relating to Mopani Plc, as management believe that the amount is fully recoverable, and discussions are ongoing with Government and the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

27 Trade and other receivables *(continued)*

Company December 2022			
Current	**Gross**	**Expected credit loss**	**Net**
Trade receivables	547	(233)	314
Dividend receivable	186,381	(78,174)	108,207
Prepayments	2,199	(152)	2,047
VAT receivable	2,450	(170)	2,280
Other receivables *	65,725	(40,903)	24,822
Amounts due from related parties (note 39b(iii))	123,896	(87,737)	36,159
Price participation receivable (see note below)	9,182	(9,182)	-
Total current assets	**390,380**	**(216,551)**	**173,829**
Non-current			
Amounts due from related parties (note 39b(iii))	**1,909,814**	**(951,652)**	**958,162**
Total balance	**2,300,194**	**(1,168,203)**	**1,131,991**

Company December 2021			
Current	Gross	Expected credit loss	Net
Trade receivables	1,408	(1,408)	-
Dividend receivable	78,066	(78,066)	-
Prepayments	1,743	-	1,743
VAT receivable	1,387	(107)	1,280
Amounts due from related parties (note 39b(iii))	88,895	(78,089)	10,806
Price participation receivable (see note below)	708,206	(524,191)	184,015
Other receivables *	9,182	(9,182)	-
Total current assets	**888,887**	**(691,043)**	**197,844**
Non-current			
Amounts due from related parties (note 39b(iii))	**1,631,582**	**(955,104)**	**676,478**
Total balance	**2,520,469**	**(1,646,147)**	**874,322**

Other receivables analysis

Group		31 Dec 22			31 Dec 21	
	Gross	Impairment	Net	Gross	Impairment	Net
Government receivables	-	-	-	7,223	(7,223)	-
Staff receivables	12,264	(1,004)	11,260	9,645	(824)	8,821
Management fees receivable	11,974	(11,650)	324	13,297	(12,745)	552
Other sundry debtors	118,850	(28,249)	90,601	175,618	(57,297)	118,321
Total balance	**143,088**	**(40,903)**	**102,185**	**205,783**	**(78,089)**	**127,694**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

27 Trade and other receivables *(continued)*

Company			31 Dec 2022			31 Dec 2021
	Gross	Impairment	Net	Gross	Impairment	Net
Government receivables	-	-	-	7,223	(7,223)	-
Staff receivables	12,264	(1,004)	11,260	9,645	(824)	8,821
Management fees receivable	11,974	(11,650)	324	13,297	(12,745)	552
Other Sundry debtors	41,487	(28,249)	13,238	58,730	(57,297)	1,433
Total balance	**65,725**	**(40,903)**	**24,822**	**88,895**	**(78,089)**	**10,806**

**The carrying values approximated their fair values due to the low impact of discounting.*

28. Environmental Protection Fund

		Group
	31 Dec 2022	31 Dec 2021
Environmental Protection Fund Deposit	94,433	87,130
	94,433	**87,130**

Environmental Protection Fund deposit relates to the subsidiary Mopani Copper Mine Plc with regards to the Company's environmental and restoration costs for decommissioning and closure costs to be incurred by the Company for the closure of the Nkana and Mufulira mines.

The Mines and Minerals Regulations, 1998 (Statutory Instrument No.102 of 1998) provide for the payment of contributions by mine owners into the Environmental Protection Fund designed to provide for environmental restoration of defunct sites. The Company contributes into the Environmental Protection Fund and the contributions paid into the Fund are based on the environmental assessment carried out by environmental experts. The funds are not accessible and are only available at the time of restoration. Ndola Lime Company Limited/ Limestone Resources Limited have not made any contributions towards the environmental protection funds. The contributions are only due based on the assessment made by the government department in line with the Act. In this case, they was no assessment in 2021 and therefore no payment has been made. Assessment is due in 2022. However, both entities have recognised Asset Retirement Obligation (ARO) liabilities which are driven by the company and are significantly material than the assessments done by the mining department of the government. This is done in line with IAS 37.

Assets pledged as security

Refer to note 40 (vii) for information on current assets pledged as security by the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

29. Term deposits

Term deposits relate to fixed deposits placed in various banks.

The movement in term deposits is as follows:

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Current				
Balance at 1 January	653,742	194,369	632,992	194,369
Matured during the period	(653,742)	(194,369)	(632,992)	(194,369)
Additions	5,340,202	653,742	5,340,202	632,992
Total	**5,340,202**	**653,742**	**5,340,202**	**632,992**

A lien/charge in the sum of US$550,000 was created over the term deposit as security for the payment of an overdraft facility and a balance is included in the total of ZMW5,340,202 (2021: ZMW653,742 thousand). The Company performs the Expected Credit loss (ECL) on term deposits. Based on the assessment, the ECL was considered immaterial for both 2022 and 2021.

30. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Cash and bank balances	328,970	184,464	45,560	81,473
Cash in hand	203	161	26	25
Cash and cash equivalents in the statement of financial position	**329,173**	**184,625**	**45,586**	**81,498**
Bank overdraft	(688,120)	(70,449)	-	-
Cash and cash equivalents	(358,947)	114,176	45,586	81,498
Under assets held for sale	277,887	221,925	-	-
Cash and cash equivalents at 31 Dec	**(81,060)**	**336,101**	**45,586**	**81,498**

Bank overdrafts

Mopani Copper Mines Plc

The Company has overdraft facilitates with Zambia National Commercial Bank Plc amounting to US$10 million, Ecobank amounting to US$15 million, Indo Zambia Bank amounting to US$5 million, Atlas Mara Bank amounting to US$10 million and Zambia Industrial Commercial Bank amounting to US$2.8 million. The overdraft facilities are secured by unconditional corporate guarantee from ZCCM Investment Holdings Plc. The overdraft facilities carry interest rate at 10%.

Kariba Minerals Limited

The overdraft facility has a limit of US$ 500,000 and attracts interest at 12% per annum. The overdraft is secured by a cash cover provided by ZCCM-IH.

The fair value of the corporate guarantees above was immaterial, thus nil value (2021 nil) was recognised.As at 31 December,2022 the ECL on the two guarantees was assessed to be nil (2021: nil), as there was no adverse conditions that existed.

Assets pledged as security

Refer to note 40 (vii) for information on current assets pledged as security by the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

31. Trade and other payables

Current		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Trade payables	2,828,762	1,417,719	-	-
Concentrate purchases	2,782,359	2,380,447	-	-
Statutory liabilities	1,290,633	614,785	1	1
Other payables and accrued expenses	549,423	383,557	121,004	116,882
Total balance	**7,451,177**	**4,796,508**	**121,005**	**116,883**

Concentrate purchases relates to costs accrued for purchases of third party concentrates by Mopani Copper Mine Plc

The carrying amount of the current payables and accrued expenses approximate their fair values due to the short-term nature and low impact of discounting.

Statutory liabilities relate to Pay As You Earn (PAYE), National Pension Scheme Authority (NAPSA), Mineral Royalty Tax and Value Added Tax (VAT).

Other payables and accrued expenses analysis*

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Staff payables	406,177	305,307	4,327	3,175
Dividends received in advance*	10,724	10,724	10,724	10,724
Treasury security deposits	2,649	-	2,649	-
Dividend payable	87,531	2,270	87,531	2,270
Accrued expenses	731	41,807	731	41,807
Sundry payables	41,611	23,449	15,042	58,906
Total balance	**549,423**	**383,557**	**121,004**	**116,882**

*Dividends received in advance relates to dividends received from investee companies which are not payable but will be offset against future dividends

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

32. Provisions

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Provisions for legal cases (i)	85,332	10,332	85,332	10,332
Provisions – others (ii)	402,357	368,414	23,354	19,196
Closing balance	**487,689**	**378,746**	**108,686**	**29,528**
Legal provision				
Opening balance	10,332	72,685	10,332	72,685
Addition	76,400	-	76,400	-
Amounts used during the period	(1,400)	(691,785)	(1,400)	(62,353)
Acquired through business combinations (Note 23d)	-	976,753	-	-
Closing balance	**85,332**	**357,653**	**85,332**	**10,332**
Provisions other				
Opening balance	378,746	48,492	19,196	47,031
Addition	85,564	35,571	28,913	33,674
Amounts used during the period	(61,953)	(62,970)	(24,755)	(61,509)
Closing balance	**402,357**	**21,093**	**23,354**	**19,196**
Total provision closing balance	**487,689**	**378,746**	**108,686**	**29,528**

i. Legal provision arises mainly from a number of legal cases involving the Group. These cases relate to various legacy matters of the old ZCCM Limited, mostly relating to employee cases and sale of houses. Legal provisions amounts are premised on claims against the Company before the courts of law and the likelihood of matter going in favour of the claimant as determined by the legal team. Legal provisions are payable within 12 monthsLegal provision arises mainly from a number of legal cases involving the Group. These cases relate to various legacy matters of the old ZCCM Limited, mostly relating to employee cases and sale of houses. Legal provisions amounts are premised on claims against the Company before the courts of law and the likelihood of matter going in favour of the claimant as determined by the legal team. Legal provisions are payable within 12 months.

ii. Provisions others comprises provisions for consultancy fees regarding various investments projects, as well as staff related provisions which includes gratuity and leave pay. Provisions others are payable within 12 months. Gratuity disclosed as part of provisions is based on the employee contracts and is fixed per contract as a rate of the total salary (known percentage of the agreed basic salary in the contract). The payment of the gratuity is also known (as end of contract). Therefore, both the timing and cost to the company is known with certainty at every reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

33. Share capital and premium

i. Ordinary shares

Group and Company	Class A shares		Class B shares		Total	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at 31 Dec	969	969	639	639	1,608	1,608

Class "A" Ordinary Shares and Class "B" Ordinary Shares all rank pari passu in all respects.

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share.

The Company has authorised class A and B shares of 96,976,669 and 63,873,617 respectively of ZMW0.01 each. Both class A and B shareholders have a right to vote, appoint directors, chairperson and receive a dividend.

ii. Number of shares

In thousands of shares	Class A shares		Class B shares		Total shares	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
In issue at 31 December – fully paid	96,927	96,927	63,873	63,873	160,800	160,800
Authorised – par value ZMW0.01	**120,000**	**120,000**	**80,000**	**80,000**	**200,000**	**200,000**

iii. Share premium

	Class A shares		Class B shares		Total	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Ordinary shares	1,259,407	1,259,407	829,936	829,936	**2,089,343**	2,089,343
	1,259,407	1,259,407	**829,936**	829,936	**2,089,343**	2,089,343

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

34. Other reserves

i. Revaluation reserve

The revaluation reserve arises from the periodic revaluation of items of property, plant and equipment, and represents the excess of the revalued amount over the carrying value of the property, plant and equipment at the date of revaluation. The reserves are non-distributable to the shareholders and are recognised net of deferred income tax. Deferred tax arising in respect of the revaluation of property, plant and equipment has been charged directly against revaluation reserves in accordance with IAS 12: Income Taxes.

ii. Translation reserve

The translation reserve arises from the translation of the results of the investments in subsidiaries and equity accounted investees whose functional and presentation currency is the US Dollar. Subsidiary translation reserve for the year were as follows;

	ZMW'000 31 Dec 2022	ZMW'000 31 Dec 2021
Trade and other receivables	230,243	(841,427)
Environmental Protection Fund	7,303	(28,376)
Cash and cash equivalents	(28,538)	(2,816)
Borrowings (note 35)	(2,172,561)	8,193,471
Retirement benefits (note 37)	(25,167)	80,568
Provisions for environmental rehabilitation (note 38)	(86,118)	314,215
Trade and other payables	(511,192)	973,936
Provisions (note 32)	(29,110)	178,189
Total	**(2,615,140)**	**8,867,760**

iii. Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value through other comprehensive income financial assets until the assets are derecognised or impaired. The reserves are distributable upon realisation. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, which is effectively realised, is reduced from the investment revaluation reserve and is recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in retained earnings. (See note 45 (d (iii)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

35 Borrowings *(continued)*

Glencore International AG / Carlisa facility *(continued)*

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Current				
Borrowings	864,411	797,566	-	1,135
Non-current				
Borrowings	27,476,859	24,546,001	-	-
Total borrowings	**28,341,270**	**25,343,567**	**-**	**1,135**

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Opening balance	25,343,567	161,370	1,135	161,370
Acquisition of subsidiary (note 23(d)(ii))	-	33,121,500	-	-
Repayments	(698,833)	(402,694)	(1,135)	(124,457)
Interest - expense	1,523,989	701,512	14	8,872
Exchange differences	-	(33,077)	-	(33,077)
Interest paid	(14)	(11,573)	14	(11,573)
Exchange difference due to translation (included in reserves) (note 34 (ii))	2,172,561	(8,193,471)	-	-
Closing balance	**28,341,270**	**25,343,567**	**-**	**1,135**

	Group		Company	
	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022
Glencore Plc	28,341,270	25,342,432	-	-
CNCM Luanshya	-	1,135	-	1,135
Closing balance	**28,341,270**	**25,343,567**	**-**	**1,135**

Glencore International AG / Carlisa facility

Mopani has historically been funded by shareholder loans from Carlisa and other members of the Glencore group. As of 31 December 2020, the total shareholder loan was ZMW 71.509 billion (US$4.3 billion). Before the acquisition of Mopani's 90% stake from Glencore in March 2021, the shareholder loans agreements were amended, such that the remaining debt in Mopani was reduced to ZMW 24.945 billion (US$1.5 billion.) The amended debt to Carlisa and Glencore key terms and conditions are summarised below:

The facilities include the following parties:

- Mopani as a borrower
- Glencore International AG (GIAG) as a lender in respect of the GIAG facility
- Carlisa as a lender in respect of the Carlisa facility
- ZCCM-IH as a guarantor

The facility has a balance of ZMW 28.341 billion (2021: ZMW 25.342 billion) as of 31 December 2022 with repayment period ending 2035 or any such later date as agreed amongst the Parties in writing from time to time. ZCCM-IH has guaranteed the obligations of Mopani under the GIAG and Carlisa facility. Interest is capitalised for the first 3 years and thereafter payable quarterly at Libor plus 3%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

35 Borrowings *(continued)*

Glencore International AG / Carlisa facility *(continued)*

The facilities include the following parties:

The facility is repayable under a dual mechanism

- 3% of gross revenue of the Mopani group from 2021- 2023, and 10% to 17.5% of gross revenue of Mopani thereafter.
- 33.3% of EBITDA less taxes, changes in working capital,capital expenditure, royalty payment to Government of the Republic of Zambia (GRZ) for that quarter. Repayment of principal (together with accrued interest) may additionally be required in the event of an occurrence of certain other early repayment events. These include certain change of control events in respect of Mopani, proceeds from capital raising or disposal and sales of product other than those pursuant to the offtake agreements, amongst others. The Group is complying to the above terms.

If ZCCM-IH ceases to control Mopani or the GRZ ceases to control ZCCM-IH, the lenders may, at any time thereafter cancel the facilities and declare all loans, together with accrued interest, immediately due and payable.

Security

The facility is secured by first ranking fixed and floating charge over all assets and undertakings of Mopani

ZCCM-IH shares in Mopani.

Other terms and conditions

Glencore has retained offtake rights in respect of a portion of Mopani's production of copper cathode and cathode slimes for the duration of the loan facilities (price based on the London Metal Exchange / London Market Association market pricing for metals) until the loan is repaid in full.

CNMC Luanshya Copper Mines Plc (CNMC Luanshya) loan facility

On 1 October 2020, CNMC Luanshya Copper Mines Plc advanced a loan facility to ZCCM-IH totalling US$7,500,000 at an interest rate of 7% per annum. This loan is payable over a period of three (3) years and attracts an interest rate of 7% per annum. The loan is payable through future dividend payable by CNMC Luanshya to ZCCM-IH within the tenure of the loan. As of 31 December 2022, total loan outstanding balance was nil (2021: US$ 68,901 inclusive of interest).

36. Deferred income tax

Group

Deferred income tax assets are recognised for provisions to the extent that the future related tax benefits will be realised. There were no unrecognised deferred tax assets during the period. The deferred tax asset have been recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences will be utilised.

Subject to agreement with the Zambia Revenue Authority, the Group has estimated tax losses of approximately ZMW 468million (2021: ZMW517.33 million) deferred tax losses relates to ZCCM-IH the holding Company and are recoverable. ZCCM-IH company has forecasted that sufficient taxable profits will be available to utilises the recognised tax losses. Management has premised the projections on the recent change of shareholder agreements with certain investee companies, from dividend model, (subjected to 0% income tax rate) to the royalty model, (subjected to 30% income tax rate.) The tax losses are available to be carried forward for a period of not more than 5 years from the charge year in which they were incurred, for set off against future taxable profit from the same source as follows:

Deferred income tax was calculated using the enacted income tax rate of 30% (2021: 30%).

Tax loss analysis	2022	2021
	ZMW'000	ZMW'000
2021 tax losses available until 2026	261,822	261,822
2020 tax losses available until 2025	184,593	184,593
2019 tax losses available until 2023	22,574	51,027
2018 tax losses available until 2022	**-**	19,886
Total	**468,989**	**517,328**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

36 Deferred Income Tax *(continued)*

Group *(continued)*

Group	Balance 1 Jan 2021	Recognised in Business Combianation	Recognised in profit or loss	Recognised OCI	Balance 31 Dec 2022	Recognised in profit or loss	Recognised in OCI	Balance 31 Dec 2022
Movement in temporary differences during the year								
Deferred tax asset								
Provision for gratuity and leave pay	(2,627)		(207)	-	(2,834)	(66)	-	**(2,900)**
Change in investment property	9,039		(9,039)	-	-	-	-	**-**
Other provisions	(22,218)		7,358	-	(14,860)	2,022	-	**(12,838)**
Bad debt Provision	(489,130)		99,597	-	(389,533)	129,983	-	**(259,550)**
Legal Provision	(25,439)		22,339	-	(3,100)	(22,428)	-	**(25,528)**
Environmental provision	(23,308)		(671)	-	(23,979)	12,172	-	**(11,807)**
Unrealised exchange losses	(5,867)		(104,255)	-	(110,122)	22,497	-	**(87,625)**
Supply chain tax losses	-		-	-	-	(405)		**(405)**
Tax losses	(89,859)		(67,113)	-	(156,972)	20,641	-	**(136,331)**
Recognition of deferred tax asset relating to Business combination fair value uplifts up to DTL		(1,185,160)			(1,185,160)	-		**(1,185,160)**
Total deferred tax asset	**(649,409)**	**(1,185,160)**	**(51,991)**	**-**	**(1,886,560)**	**164,416**	**-**	**(1,722,144)**
Deferred tax liability								
Property, plant, and equipment	(8,888)		29,088	-	20,200	15,523	-	**35,723**
Property, plant, and equipment – Revaluation	15,655		(7,897)	(1,079)	6,679	(9,189)	3,746	**1,236**
Unrealised exchange gains	382,204		(62,726)	-	319,478	43,206	-	**362,684**
Employee provision	13,833		(935)	1,297	14,195	266	28	**14,489**
Recognition of deferred tax liabilities (DTL) relating to Business combination fair value uplifts.		1,185,160			1,185,160	-		**1,185,160**
Total deferred tax asset liability	**402,804**	**1,185,160**	**(42,470)**	**218**	**1,545,712**	**49,806**	**3,774**	**1,599,292**
Deferred tax asset/liability	**(246,605)**	**-**	**(94,461)**	**218**	**(340,848)**	**214,222**	**3,774**	**(122,852)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

36 Deferred Income Tax *(continued)*

Company
Deferred Tax on Foreign Currency Reserve
The translation reserves which arise from consolidation (reporting) are not recognised. There is no group tax registration in Zambia, hence translation reserves

will not result in any tax obligations at any time. All taxes recognised at group level are a summation of individual entity's tax obligations/claims

Deferred income tax assets are recognised for provisions to the extent that the future related tax benefits will be realised. There were no unrecognised deferred tax assets during the period.

Company	Balance 1 Jan 2021	Recognised in profit or loss	Recognised OCI	Balance 31 Dec 2021	Recognised in profit or loss	Recognised OCI	Balance 31 Dec 2022
Movement in temporary differences during the year							
Property, plant and equipment	(1,668)	(9)	-	(1,677)	(4,433)	-	(6,110)
Property, plant and equipment – Revaluation	7,088	-	(1,079)	6,009	-	3,746	9,755
Unrealised exchange gains	381,263	(62,955)	-	318,308	43,206	-	361,514
Provision for gratuity and leave pay	(2,660)	(207)	-	(2,867)	(66)	-	(2,933)
Change in investment property	9,039	(9,039)	-	-	-	-	-
Other provisions	(8,696)	7,405	-	(1,291)	895	-	(396)
Bad debt Provision	(593,460)	99,597	-	(493,863)	129,983	-	(363,880)
Legal Provision	(25,439)	22,339	-	(3,100)	(22,428)	-	(25,528)
Employee provision	(3,777)	(597)	1,297	(3,077)	266	28	(2,783)
Environmental provision	(23,308)	(671)	-	(23,979)	12,172	-	(11,807)
Unrealised exchange Losses	(3,829)	(104,255)	-	(108,084)	31,677	-	(76,407)
Tax losses	(89,427)	(65,061)	-	(154,488)	14,097	-	(140,391)
	(354,874)	**(113,453)**	**218**	**(468,109)**	**205,369**	**3,774**	**(258,966)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

37. Retirement benefits

Group defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into the fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. The Company's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate. The Group has no further obligation once contributions have been paid.

Group defined contribution obligation

Under the terms of employment, permanent employees of the Group are entitled to post employment gratuity benefits. The benefits are defined benefit in nature based on the members' length of service and their salary at the earlier of retirement or death or termination from employment. This scheme is unfunded, and the Group 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 opt to provide an additional and separate unfunded gratuity benefit for their employees are required to operate within the governing covenants and agreements with their employees. 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.

Key risks

The plan typically exposes the Group to actuarial risks such as: interest rate risk, salary risk and liquidity risk.

Interest rate risk	The plan liabilities are calculated using a discount rate set with reference to Zambian government bond yields. A decrease in government bonds will increase the plan liabilities.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
Liquidity risk	The plan is unfunded. There is a risk that resources might not be available when needed to pay the benefits that have become due.

a. The amounts recognise in the statement of financial position are determined as follows:

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Present value of unfunded obligations	322,071	340,288	10,256	10,256

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

37 Retirement benefits *(continued)*

ii. Group defined contribution obligation *(continued)*

b. Movement in the defined benefit obligation over the year is as follows;

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at 1 January	340,288	13,194	10,256	10,792
Acquisition of subsidiary	-	223,990	-	-
Charge for the period – expense	168,173	82,614	3,154	4,979
Charge for the period – other comprehensive income	(204,217)	105,270	(94)	(3,705)
Benefits paid during the year	(7,340)	(4,212)	(4,041)	(1,810)
Discontinued operation	-	-	-	-
Translation	25,167	(80,568)	-	-
Closing balance – 31 December	**322,071**	**340,288**	**9,275**	**10,256**
Non-current liability	182,940	96, 287	9,275	10,256
Current liability	139,131	244, 001	-	-
Total balance	**322,071**	**340 288**	**9,275**	**10,256**

c. Recognised in profit or loss

		Group	Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Current service cost	165,823	78,719	804	1,084
Interest cost	2,350	3,895	2,350	3,895
Personnel expenses (note 12)	**168,173**	**82,614**	**3,154**	**4,979**

d. Recognised in equity

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Experience adjustment	(307,622)	548	5,476	548
Financial assumptions	103,405	104,722	(5,570)	(4,253)
Total	**(204,217)**	**105,270**	**(94)**	**(3,705)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

37 Retirement benefits *(continued)*

Group defined benefit plans

a. Actuarial assumptions

Critical assumptions are made by the actuary in determining the present value of retirement benefit obligation including the discount rate. The carrying amount of the provision and the key assumptions made in estimating the provision were as follows:

		Group		Company
	31Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Discount rate	27.75%	26%	25.40%	26%
Future salary increases	10.0%	11.7%	11%	18.4%

The liability and actuarial assumptions are based on the actuarial valuation report as at 31 December 2022.

b. Sensitivity analysis

The results of the actuarial valuation are sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount rate used, the actuarial relied on calculations of the duration of the liability. Based on this methodology, the results of the sensitivity analysis are summarized in the table below:

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	Present value of obligation	Present value of obligation	Present value of obligation	Present value of obligation
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
1% increase in discount rate	(4,188)	(4,883)	(479)	(652)
1% decrease in discount rate	5,567	5,381	528	734
1% increase in salary rate	5,289	6,010	604	780
1% decrease in salary rate	(4,874)	(5,516)	(551)	(719)

Since all the benefits payable under the plan are salary related, the sensitivity of the liability to a change in the salary escalation assumption is not expected to be materially different.

Effect on Company cash flows

The arrangement is unfunded and the Company pays benefits from general revenues as and when they arise. The timing of the benefit payments from the plan will be influenced by the age at which employees retire from the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

38. Provisions for environmental rehabilitation

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at 1 January	1,198,814	173,522	79,931	66,595
Acquisition of subsidiary	-	1,215,007	-	-
Charge for the year	(46,568)	128,771	(47,273)	28,104
Decrease in environmental provison charged to environmental assets	(42,887)	-	-	-
Exchange movement	6,699	(17,933)	6,699	(14,159)
Unwinding of discount	18,892	14,271	-	-
Payment	-	(609)	-	(609)
Translation - included in reserves	86,118	(314,215)	-	-
Balance at 31 December	**1,221,068**	**1,198,814**	**39,357**	**79,931**

The year-end balance represents restoration, rehabilitation and environmental provisions for the Company and its subsidiaries Mopani Copper mine Plc, Limestone Company Limited (Limestone) and Kariba Minerals Limited (Kariba). The Company's provision is as a result of inherited environmental obligations from the old ZCCM Limited combined with environmental disturbances from mining operations at Mopani, Limestone and Kariba.

The provisions have been assessed to cost ZMW1.22 billion as at 31 December 2022 as compared to ZMW1.98 billion as at 31 December 2021. The increase of ZMW22.25 million is largely on account of exchange differences.

The provision represents the best estimate of the expenditure required to settle the obligations to rehabilitate environmental disturbances caused by mining operations. Mining Companies are expected to make contributions to the Environmental Protection Fund, controlled by the Department of Mines and Mineral Development. Contributions made towards the fund reduces the environmental provision obligation. At the end of useful life of the mine, Mining Companies are obligated to rehabilitate the damage to the environment and all payments made to the Environmental Protection Fund will be reimbursed towards this rehabilitation.

The valuation for the environmental restoration provision at 31 December 2022 for the Company and subsidiaries were performed by independent consultants.

Assumptions

The following assumptions were taken into account: Inflation rate of 6.5% (2021: 7%), Discount rate of 3.99% (2021:1.26%) and time to settle of 5 to 25 years when cashflows are expected to be incurred.

Based on this assessment, there was an increase in the liability for ARO and remediation on an undiscounted basis after an inflation factor of 6.5% (2021: 7%) of approximately ZMW 1.22 billion (US$55.62 million) ZMW1.198 billion (2021: US$67.64 million). The discount factor of 3.99% was applied in 2022 (2021: 1.26%). The increase in the restoration provision in the current year is principally attributable to exchange movements.

The changes in cash flow estimates result from new Net Present Value (NPV) estimates of the asset retirement obligation. An impact of a 10% movement in the inflation rate results into ZMW356.54 million (2021: ZMW371.50 million) change in the retirement and remediation liability while a 10% movement in the discount rate results into a ZMW 292.54 million (2021: ZMW 85.41 million) change in the liability and corresponding mineral properties asset. For each mining area, the ARO cash outflows have been estimated to occur after the end of the mining over a period which is between 5 to 25 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

39. Related party transactions

a. Parent and ultimate controlling party

The Group is controlled by the Government of the Republic of Zambia through the Zambian Industrial Development Corporation (IDC) (60.3%) and Ministry of Finance (17.2%) which owns a total of 77.5% of the Company's shares.

b. Related party transactions

i. Dividend paid to parent Company

Name	Type	Ownership interest	Place of incorporation	31 Dec 2022	31 Dec 2021
				ZMW million	ZMW million
Industrial Development Corporation	Ultimate parent entity and controlling party	60.3%	Zambia	51.0	32.0

ii. Key management personnel compensation

	2022	2021
Item	**ZMW**	**ZMW**
Executive Director's Fees	231,760	848,472
Executive Director's Emoluments	841,791	4,239,651
Non-executive Director's Fees	9,265,431	7,258,208
Total	**10,338,982**	**12,346,331**

Key management compensation relates to Director's in the Company and its subsidiaries. Directors' emoluments include sitting allowances and salaries.

iii. Dividend income from related parties

Company		
Relationship	31 Dec 2022	31 Dec 2021
Kansanshi Mines – Associate	4,370,267	676,760
CNMC Luanshya Copper Mines Plc – Associates	250,282	133,892
Copperbelt Energy Corporation – Associate	195,988	145,785
NFC Africa Mining Plc – Other investee	51,780	-
Total dividends (note 7)	**4,868,317**	**956,437**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

39. Related party transactions *(continued)*

b) Related party transactions

iv. Interest income from related parties

Company Relationship	31 Dec 2022	31 Dec 2021
Maamba Collieries Limited – Associate	77,936	42,111
Konkola Copper Mines Plc – Associates	7,305	21,773
Mushe Milling Company limited – Held for sale	8,623	8,234
Staff loans	908	673
Limestone Resources	2,461	-
Rembrandt Properties Limited (Associate)	1,474	-
Misenge Environmental & Technical Services Limited (subsidiary)	-	47
Total interest income (Note 13)	**98,707**	**72,838**

v. Management fees income from related parties

Company Relationship	31 Dec 2022	31 Dec 2021
Lubambe Copper Mines – Associate	-	223
Misenge Environmental & Technical Services Limited (subsidiary)	32	12
Kariba Minerals Limited (subsidiary)	127	95
Kabundi Resources Limited (subsidiary)	942	450
Zambia Gold Company Limited (subsidiary)	4,843	8,143
Total management fees (note 9)	**5,944**	**8,923**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

39. Related party transactions *(continued)*

b) Related party transactions *(continued)*

vi. Trade revenue from related parties

Company Relationship	31 Dec 2022	31 Dec 2021
Limestone Resources Limited– Subsidiary	-	52,751
Mushe mailing Company limited – Held for sale	-	26,516
Total revenue	**-**	**79,267**

vii. Amounts due from related parties (continued)

Group 2022

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	1,082,168	(250,159)	832,009
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mines Plc (vii)	Associate	35,697	(36)	35,661
Consolidated Gold Company Limited	Associate	1,133	(1,133)	-
Rembrandt	Associate	35,814	-	35,814
Sub total		**1,856,305**	**(952,821)**	**903,484**
Price participation receivable	Associate	9,182	(9,182)	-
Dividends receivable Dividends receivable from Konkola Copper Mine Plc.	Associate	186,381	(78,174)	108,207
Sub total		**195,563**	**(87,356)**	**108,207**
Total amounts due from related parties		**2,051,868**	**(1,040,177)**	**1,011,691**

Group 2021

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	930,089	(253,611)	676,478
Lubambe Copper Mines Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mines Plc (vii)	Associate	184,154	(184)	183,970
Consolidated Gold Company limited	Associate	282	(282)	-
Sub total		**1,816,018**	**(955,570)**	**860,448**
Price participation receivable	Associate	9,182	(9,182)	-
Dividends receivable from Konkola Copper Mine.	Associate	78,066	(78,066)	-
Sub total		**87,248**	**(87,248)**	**-**
Total amounts due from related parties		**1,903,266**	**(1,042,818)**	**860,448**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

39. Related party transactions *(continued)*

b) Related party transactions *(continued)*

vii . Amounts due from related parties *(continued)*

Company December 2022

	Relationship	Gross	Impairment	Carrying amount
Kariba Minerals Limited (iv)	Subsidiary	5,839	(5,839)	-
Limestone resources limited	Subsidiary	137,189	(46,850)	90,339
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	4,816	(4,318)	498
Nkandabwe Coal Mine (v)	Subsidiary	7,845	(7,845)	-
Mushe Milling Company Limited (viii)	Subsidiary	66,448	(66,448)	-
Maamba Collieries Limited (i)	Associate	1,082,168	(250,159)	832,009
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mine Plc (vii)	Associate	35,697	(36)	35,661
Consolidated Gold Company Limited	Associate	1,133	(1,133)	-
Rembrandt (ix)	Other investee	35,814	-	35,814
Sub total		**2,078,442**	**(1,084,121)**	**994,321**
Price participation receivable	Associate	9,182	(9,182)	-
Dividends receivable:	Associate	186,381	(78,174)	108,207
		195,563	(87,356)	108,207
Total amounts due from related parties		**2,274,005**	**(1,171,477)**	**1,102,528**

Company December 2021

	Relationship	Gross	Impairment	Carrying amount
Ndola Lime Company Limited (iii)	Subsidiary	436,985	(436,985)	-
Kariba Minerals Limited (iv)	Subsidiary	5,839	(5,839)	-
Limestone resources limited	Subsidiary	46,850	(46,850)	-
Misenge Environmental and Technical Services Limited (vi)	Subsidiary	4,535	(4,490)	45
Nkandabwe Coal Mine (v)	Subsidiary	7,845	(7,845)	-
Mushe Milling Company Limited (viii)	Subsidiary	55,856	(21,780)	34,076
Maamba Collieries Limited (i)	Associate	930,089	(253,611)	676,478
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Konkola Copper Mine Plc (vii)	Associate	184,154	(184)	183,970
Consolidated Gold Company Limited	Associate	282	(282)	-
Sub total		**2,373,928**	**(1,479,359)**	**894,569**
Price participation receivable (KCM)	Associate	9,182	(9,182)	-
Dividends receivable: (KCM)	Associate	78,066	(78,066)	-
		87,248	(87,248)	-
Total amounts due from related parties		**2,461,176**	**(1,566,607)**	**894,569**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

39. Related party transactions *(continued)*

b) Related party transactions *(continued)*

vii . Amounts due from related parties *(continued)*

i. Mamba Collieries Limited (MCL)

On 17 June 2015, ZCCM –IH entered into an inter-company loan agreement for a cash advance of ZMW321.15 million (US$26.345 million) as part of its contribution towards the implementation of the Integrated Mining Project and the establishment of the 300MW Thermal Power plant project. The loan attracts an interest rate of 6 % per annum. The principal and interest accrued is repayable in 5 annual instalments commencing in one year after the commercial operational date of 27 July 2017. This loan is subordinated to the third-party lenders who have financed the Maamba project.

On 25 March 2019, ZCCM-IH advanced a short-term liquid support of ZMW 220.5 million (US$10 million) to MCL payable within 60 days from the date of disbursement, and when Maamba receives payment for its power sales to ZESCO. This shareholder loan is subordinated to the project finance loans and is unsecured and interest is charged at 6% per annum. In 2020 financial year, ZCCM-IH Plc instituted legal proceedings against MCL in the Lusaka High Court seeking the payment plus damages and interest. This matter was on 16 November 2022, withdrawn from court by ZCCM-IH, and the parties agreed to settle this matter ex-curia.

The above loans are subordinated to the financier's loans of Maamba project and are payable after the financial close date when all project finance loans are repaid by 2026.

Management has assessed the sufficiency of the provision for impairment on the loan receivable, based on Maamba's loan repayment performance relating to all project finance loans, as well as its financial performance, and has determined that there are no indicators for additional impairment provision.

ii. Lubambe Copper Mine Limited

On 15 September 2012, ZCCM-IH entered into an inter-company loan agreement with Lubambe Copper Mine Limited, for a cash call loan amounting to ZMW926.44 million (US$76 million). The loan attracts an interest rate of Libor plus 5% and is not secured. The loan was to be repaid in twelve equal quarterly instalments, none of which were made. This loan is fully impaired

iii. Ndola Lime Company Limited

The total loans and advances due from Ndola Lime Company Limited, including interest amounts was ZMW436 million (2019: ZMW436 million) which is fully impaired as per liquidation court order

iv. Kariba Minerals Limited

On 22 January 2019, ZCCM-IH advanced a loan to Kariba Minerals Limited amounting to ZMW5.84 million (US$489,520) for the purchase of equipment. The loan attracts an interest rate of 6 % per annum. The loan has a moratorium of two years. This loan is fully impaired.

v. Nkandabwe Coal Mine Limited

ZCCM – IH advanced a loan to Nkandabwe Coal Mine of ZMW7,845 million is recoverable from Ministry of Finance through a debt swap arrangement. Under this arrangement ZCCM-H, will recover the Nkandabwe loan from dividend payable to Ministry of Finance. Subsequently, the outstanding amount has been recovered in full.

vi. Misenge Environmental and Technical Services Limited

The loans totalling ZMW4.4 million is interest free with quarterly repayments of ZMW156,678. After year end, a total of ZMW313,356 was paid.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

39. Related party transactions *(continued)*

b) Related party transactions

vii . Amounts due from related parties (continued)

vii. Konkola Copper Mine Plc (KCM)

Following the High Court order to appoint a provisional liquidator for KCM, ZCCM-IH advanced ZMW166.57 million (US$10 million) to KCM through the liquidator. Further, on 23rd August 2019, ZCCM-IH advanced a loan of ZMW208.21 million (US$12.5 million) to KCM. The US$12.5 million loan attracted an interest rate of 6 % per annum. As at 31 December 2021, a combined loan total of ZMW184,154 million (US$11.06 million) was still outstanding. Subsequent to the year end the US$12.5 million loan with accrued interest was fully paid.

Price Participation fees are variable amount, if any, to be credited to the seller as an additional income based on variations in the Payable Copper Price, if, as and when reflected in Benchmark Reference Terms from time to time. The price participation fees are recognised once conditions indicate that additional income is to be received, based on prevailing prices over the agreed period, and that its been agreed with other parties involved, in this case the buyer.

viii. Mushe Milling Company

On 12 December 2019, ZCCM-IH and Mushe Milling Company Limited entered into a loan facility agreement amounting to ZMW20.48 million. The facility attracts interest computed as the Bank of Zambia average commercial lending rate plus 2% per annum. Payment of interest to commence six months from the date of the facility. The principal repayment of the loan has a moratorium of 12 months, thereafter, the principal to be paid in 24 equal monthly instalments. The loan is fully impaired.

ix. Rembrandt

On 1 September 2022, ZCCM-IH advanced a secured term loan facility of ZMW29,500,000 for the purposes of improving the Company's working capital. The loan is payable in full on 30th August 2023, and attracts interest of 364 day Bank of Zambia treasury bill yield rate prevailing on 1st September 2022, plus margin of 1%. The loan is secured by the proportionate shares of the other shareholders of Rembrandt, Urban Brands and Sims Capital of 12,5% each.

40. Contingent liabilities

i. Nava Bharat (Singapore) PTE Ltd (NBS) Equity Contribution on behalf of ZCCM-IH

ZCCM-IH, being a co-owner of Maamba Collieries Limited (MCL) with Nava Bharat (Singapore) PTE Ltd (NBS), was in 2017 required to contribute ZMW 162 million (US$9.75 million) in form of a shareholder loan towards Maamba's Base Project Equity according to its shareholding ratio of 35%. However, NBS contributed the whole amount including the ZMW 215 millon (US$9.75million) share for ZCCM-IH.

As a result, it was resolved that ZCCM-IH refunds NBS, interest free, the excess contribution through offset of ZMW 27.1 million (US$1.23 million) interest payment which was due to ZCCM-IH from Maamba on the initial outstanding shareholder loan of 31 May 2015. The balance of ZMW 141.68 million (US$8.52 million) was to be paid by Maamba to NBS from future dividends of Maamba, payable to ZCCM-IH.

ZMW 27.1 million (US$1.23 million) was paid to NBS in 2017, however, no dividends have been received from Maamba since 2017 to settle the balance. ZCCM-IH has determined that in the absence of dividends from Maamba it has no present obligation to settle the outstanding balance.

For this reason, ZMW 187.9million (US$8.52 million) due to NBS has not been recognised in these financial statements.

in thousands of Kwacha

40. Contigent liabilities *(continued)*

ii. Konkola Copper Mines Plc US$10 million Corporate Guarantee

ZCCM Investments Holdings Plc has provided a Corporate Guarantee to Zambia National Commercial Bank Plc ("ZANACO") for the amount of ZMW 220 million (US$10 million) (the "Transaction"). The provision of ZMW 220 million (US$10 million) Corporate Guarantee to ZANACO Plc by ZCCM-IH is for working capital to Konkola Copper Mines Plc ("KCM"). Provision of ZMW 220 million (US$10 million) Corporate Guarantee to ZANACO Plc is valid until 31 December 2022 comprising

- A ZMW 176 million (US$8 million) Standby Letter of Credit ("SBLC") by ZANACO Plc in favour of Trafigura, the suppliers of copper concentrates to KCM and buyers of the finished copper, and.
- A ZMW 44.10 million (US$2 million) overdraft facility.
- Promissory note issued in favour of ZCCM-IH by Ministry of Finance for the Corporate Guarantee.

The fair value of the corporate guarantees above was nil as there was no premium that was paid. As at 31 December,2022 the ECL on the two guarantees was assessed to be immaterial.

iii. Mopani contingent liabilities

Glencore International AG (the previous majority shareholder) decided on 8 April 2020 to place the Mopani operations under care and maintenance in the wake of the COVID-19 situation and other persistent operational challenges. This resulted in termination of contracts with all contractors. As a result of these terminations, three of the contractors commenced action against the Company in the International Court of Arbitration of the International Chamber of Commerce. The Directors are of the view that material losses will arise in respect of these claims at the date of these financial statements and a provision hasbeen made. For Group consolidation, Those legal claims for which no provision was recognised as of 31 March 2021, were appropriately considered for IFRS 3 recognition. Refer to Note 23 d) ii).

iv. In addition, the Company had contingent liabilities estimated at ZMW 19.96 million (US$1.2 million) relating to contractor and other claims against the Company. No provision has been made in these financial statements as the Directors do not consider that there is any probable loss that will arise following the finalisation of these matters.

v. Transfer pricing case (2012 to 2017)

In October 2020, the Company received a report from the Zambia Revenue Authority (ZRA) relating to assessments for alleged transfer pricing breaches for sales between 2012 to 2017. The report highlighted additional tax to be paid by Mopani amounting to ZMW917 million (US$54.8 million).

In November 2020, Mopani responded to ZRA and objected to the additional tax indicated in the audit report. Following this objection and discussions management had with ZRA, the amount for additional tax to be paid was reduced to ZMW640 million (US$38.3 million).

On 7 April 2021, ZRA issued an assessment to the amount of K281 million (US$16.8 million) to which Mopani has formally objected through their tax experts. On this basis, Directors believe that no provision is required as at 31 December 2022 as the matter is currently in progress with ZRA for resolution.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management

vi. Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

		31 Dec 2022	31 Dec 2021
Non-current assets	Notes		
Property, plant, and equipment	17	12,239,693	35,741,549
Intangible assets	19	4,579,133	4,673,727
Trade and other receivables	27	2,063,716	552,946
Environmental protection fund	28	94,433	87,130
		18,976,975	**41,055,352**
Current assets			
Inventories	26	4,836,680	4,564,852
Trade and other receivables	27	552,904	3,042,293
Term deposits	29	9,026	8,328
Cash and cash equivalents	30	159,584	78,469
Total current assets		**5,558,194**	**7,693,942**

41. Commitments

Capital expenditure authorised by the Board of directors at the reporting date but not yet contracted for is as follows:

		Group		Company
	31Dec 2022	31Dec 2021	31Dec 2022	31 Dec 2021
Property, plant, and equipment	337,519	155,859	35,118	27,450
	337,519	**155,859**	**35,118**	**27,450**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management (continued)

The Group has exposure to the following risks arising from financial instruments:

- Market risk (see (a))
- Credit risk (see (b))
- Liquidity risk (see (c))

Risk management framework

The Company's Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of directors has established the audit and risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the Board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

c. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i. *Exposure to currency risk*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. The Group is affected by foreign exchange movements because it has assets and income which are denominated in currencies other than the Company's functional currency, which is the Zambian Kwacha.

Management's policy to manage foreign currency risk is to hold both functional and foreign currency fixed deposits with various banks which act as a natural hedge for foreign currency obligations. Hedging techniques such as currency swap are also used to manage currency risk. The Group did not enter into any transactions that required currency swap technique during the year and the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

a. Market risk *(continued)*

i. Exposure to currency risk (continued)

The summary quantitative data about the Group's exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha is detailed in the table below.

Group		
Dec 2022	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	(416,884)	(23,093)
Trade and other receivables	3,592,226	198,988
Term deposits	5,047,459	279,599
Assets held for sale	358,285	19,847
Borrowings	(28,341,270)	(1,569,936)
Trade and other payables	(7,609,551)	(421,523)
Liabilities directly associated with assets classified as held for sale	(356,138)	(19,728)
Net exposure	**(27,725,873)**	**(1,535,846)**

Group		
Dec 2021	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	85,438	5,129
Trade and other receivables	4,550,140	273,175
Term deposits	506,340	30,399
Assets held for sale	248,840	14,940
Borrowings	(25,343,567)	(1,521,542)
Trade and other payables	(5,088,232)	(305,480)
Liabilities directly associated with assets classified as held for sale	(254,297)	(15,267)
Net exposure	**(25,295,338)**	**(1,518,646)**

The summary quantitative data about the Company's exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha is detailed in the table below.

Company		
Dec 2022	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	28,668	1,588
Financial assets at fair value through comprehensive income	16,226,587	898,855
Trade and other receivables	867,670	48,064
Term deposits	5,047,459	279,599
Trade and other payables	(178)	(10)
Net exposure	**22,170,206**	**1,228,096**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

a. Market risk *(continued)*

i. Impairement of financial assets (continued)

Dec 2021	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	70,107	4,209
Financial assets at fair value through comprehensive income	20,553,258	1,233,948
Trade and other receivables	860,448	51,658
Term deposits	506,340	30,399
Borrowings	(1,135)	(68)
Trade and other payables	(87,363)	(5,245)
Net exposure	**21,901,655**	**1,314,901**

The following significant exchange rates have been applied during the year:

	Average rate		Reporting date spot rate	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Kwacha				
US$ 1	17.0500	19.6765	18.0525	16.6565

Sensitivity analysis

A 10 percent strengthening of the Kwacha against the US Dollar at 31 December 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis for 31 December 2021.

	Equity and profit or loss	
	Group	Company
31 Dec 2022		
ZMW	(2,772,587)	2,217,021
31 Dec 2021		
ZMW	(2,529,534)	2,190,165

A 10 percent weakening of the Kwacha against the US Dollar at 31 December 2022 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The Group's operations are subject to cash flow variability due to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times and/or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices. Asset-liability risk management activities are conducted in the context of the Group's sensitivity to cash flow variability attributable to interest rate changes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

a. Market risk *(continued)*

i. Exposure to current risks (continued)

Group	31 December 2022				31 December 2021			
	Total	Zero rate instruments	Floating rate instruments	Fixed rate instruments	Total	Zero rate instruments	Floating rate instruments	Fixed rate instruments
Assets								
Cash and cash equivalents	329,173	-	-	329,173	184,625	-	-	184,625
Trade and other receivables*	1,366,758	463,274	-	903,484	1,800,820	940,372	-	860,448
Term deposits	5,340,202	-	-	5,340,202	653,742	-	-	653,742
Total assets	**7,036,133**	**463,274**	**-**	**6,572,859**	**2,639,187**	**940,372**	**-**	**1,698,815**
Liabilities								
Borrowings	(28,341,270)	-	(28,341,270)	-	(25,343,567)	-	(25,342,432)	(1,135)
Bank overdraft	(688,120)	-		(688,120)	(70,449)			
Trade and other payables*	(5,611,121)	(5,611,121)	-	-	(1,757,250)	(1,757,250)	-	(70,449)
Liabilities directly associated with assets classified as held for sale	(2,308,494)	(2,308,494)	-	-	(1,678,576)	(1,678,576)	-	-
Total liabilities	**(36,949,005)**	**(7,919,615)**	**(28,341,270)**	**(688,120)**	**(28,849,842)**	**(3,435,826)**	**(25,342,432)**	**(71,584)**
Gap	**(29,912,872)**	**(7,456,341)**	**(28,341,270)**	**5,884,739**	**(26,210,655)**	**(2,495,454)**	**(25,342,432)**	**1,627,231**

The interest rate gap is measured on an ongoing basis to assess the impact of the exposure after which corrective measures are deliberated. These may include contract renegotiation and use of money market options to hedge against significant change in variable interest rates.

*Trade and other receivables/payables, excludes prepayments and statutory obligations and contract liabilities respectively. Statutory liabilities are imposed by law while contract liabilities represent an obligation to deliver a good or service rather than cash or other assets in settlement. Therefore, these do not meet the definition of financial instruments and have been excluded from the table above

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

43. Financial risk management *(continued)*

a. Market risk *(continued)*

i. Exposure to currency risk (continued)

Company

	31 December 2022				31 December 2021			
	Total	**Zero rate instruments**	**Floating rate instruments**	**Fixed rate instruments**	**Total**	**Zero rate instruments**	**Floating rate instruments**	**Fixed rate instruments**
Assets								
Cash and cash equivalents	45,586	-	-	45,586	81,498	-	-	81,498
Trade and other receivables*	860,493	11,051	-	849,442	1,295,154	48,850	-	1,246,304
Term deposits	5,340,202	-	-	5,340,202	632,992	-	-	632,992
Total assets	**6,246,281**	**11,051**	**-**	**6,235,230**	**2,009,644**	**48,850**	**-**	**1,960,794**
Liabilities								
Borrowings	-	-	-	-	(1,135)	-	-	(1,135)
Trade and other payables*	(105,231)	(105,231)	-	-	(47,277)	(47,277)	-	-
Total liabilities	**(105,231)**	**(105,231)**	**-**	**-**	**(48,412)**	**(47,277)**	**-**	**(1,135)**
Gap	**6,141,50**	**94,180**	**-**	**6,235,230**	**1,961,232**	**1,573**	**-**	**1,959,659**

*Trade and other receivables/payables, excludes prepayments and statutory obligations and contract liabilities respectively. Statutory liabilities are imposed by law while contract liabilities represent an obligation to deliver a good or service rather than cash or other assets in settlement. Therefore, these do not meet the definition of financial instruments and have been excluded from the table above

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

a. Market risk *(continued)*

i. Exposure to currency risk (continued)

Risks arising from the interest rate benchmark reform

The key risks for the Group arising from the transition are:

- **Interest rate basis risk**: There are two elements to this risk as outlined below:

  If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of IBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by our interest rate risk management strategy. For example, in some cases the fallback clauses in IBOR loan contracts may result in the interest rate becoming fixed for the remaining term at the last IBOR quote. The Group is working closely with all counterparties to avoid this from occurring, however if this does arise, the Group's interest rate risk management policy will apply as normal and may result in closing out or entering into new interest rate swaps to maintain the mix of floating rate and fixed rate debt

  Interest rate risk basis may arise if a non-derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

  Liquidity risk: There are fundamental differences between IBORs and the various alternative benchmark rates which the Company will be adopting. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

  Accounting: If transition to alternative benchmark rates for certain contracts is finalised in a manner that does not permit the application of the reliefs introduced in the Phase 2 amendments, this could lead to volatility in the profit or loss if nonderivative financial instruments are modified or derecognised. The Group is aiming to agree changes to contracts that would allow IFRS 9 reliefs to apply.

  Litigation risk: If no agreement is reached to implement the interest rate benchmark reform on existing contracts, (e.g., arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

b. Market risk *(continued)*

i. Exposure to currency risk (continued)

The following table summarises the non-derivative financial instruments held by the Group that feature cash flows that will be affected by the interest rate benchmark reform. It does not include the Group's fixed rate financial instruments because cashflows on those instruments are not affected by the interest rate benchmark reform.

Non-derivative financial instrument prior to transition	Maturity	Entity	Nominal in currency "US$000"	Total Nominal "US$ 000"	Hedge accounting	Description	Transition progress for the nonderivative financial instruments
Term loans linked to US$ LIBOR	2035	Mopani Copper Mines	1,500,000	1,500,000	Not applicable	Borrowings	To transition in 2023
Term loans linked to US$ LIBOR	Ongoing	Lubambe Copper Mines	76,000,000	76,000,000	Not Applicable	Intercompany loan Receivable	To transition in 2023
	Ongoing	Trafigura	40,000,000	40,000,000	Not Applicable	Loan advance-Payable through copper Purchases	To transition in 2023

Cash flow sensitivity analysis of variable rate instrument

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange, remain constant.

Group		
Effect in thousands of Kwacha	**Increase**	**Decrease**
31 Dec 2022 Variable rate instruments	28,341	(28,341)
31 Dec 2021 Variable rate instruments	25,342	(25,342)

Company		
Effect in thousands of Kwacha	**Increase**	**Decrease**
31 Dec 2022 Variable rate instruments	-	-
31 Dec 2021 Variable rate instruments	-	-

The Group's investments in corporate term deposits, all of which are fixed rate and are measured at amortised cost exposes the Group to cash flow interest rate risk. The tenure of the investments is mostly less than 1 year. At 31 December 2022, an increase/decrease of 100 basis points would have resulted in a decrease/increase in the Consolidated and separate post tax profit and equity of ZMW5,340 million (December 2021: ZMW0.63 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

b. Market risk *(continued)*

i. *Exposure to currency risk (continued)*

i. *Price risk*

The Group is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio, in accordance with limits set by the Group. All quoted shares held by the Group are traded on the Lusaka Securities Exchange. Further, management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee of the Board.

The primary goal of the Group's investment strategy is to maximise investment returns and to improve its returns in general. Management is assisted by external advisers in this regard.

At 31 December 2022, if the LUSE Index had increased/decreased by five percent with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, consolidated equity and profit or loss would have been ZMW81.33 million (2021: ZMW51.91 million) higher/lower.

ii. *Commodity price risk*

General corporate hedging unrelated to any specific project is not undertaken by the Group. The Group also does not issue or acquire derivative instruments for trading purposes. The Group is subject to price risk from fluctuations in the market prices of copper. The impact of a 10% movement on commodity prices with all other variables held constant, consolidated equity and profit or loss would have been ZMW 1.9 billion higher/lower (2021: ZMW1.41 billion higher/lower)

b. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's from cash and cash equivalents, term deposits with banks, as well as trade and other receivables. Credit risk is managed on a Group basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its counterparty base, including the default risk associated with the industry.

i. *Risk management*

The Group through risk and audit committee has established a credit procedure under which each new customer or counterparty is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and monitored regularly by line management.

ii. *Security*

To limit the amount of credit exposure to financial institution for term deposits, the Group obtains collateral from financial institutions which are rated "B" and below. As at 31 December 2022, ZMW571.60 million (December 2021: ZMW220.45 million) of term deposits, collateral was held in the form of treasury bills. Due to the short-term nature of collateral held for term deposits, their carrying amounts approximates their fair values. No collateral is obtained as security for trade and other receivables. Instead, the Group requests for advance payments where necessary to reduce credit risk on some customers.

To limit the amount of credit exposure to financial institution for term deposits, the Group obtains collateral from financial institutions which are rated "B" and below. As at 31 December 2022, ZMW571.60 million (December 2021: ZMW220.45 million) of term deposits, collateral was held in the form of treasury bills. Due to the short-term nature of collateral held for term deposits, their carrying amounts approximates their fair values. No collateral is obtained as security for trade and other receivables. Instead, the Group requests for advance payments where necessary to reduce credit risk on some customers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

b. Credit risk *(continued)*

ii. Security (continued)

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December 2022 is made up as follows:

	Group		Company	
	31-Dec 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021
Cash and cash equivalents	329,173	184,625	45,586	81,498
Trade and other receivables	1,367,143	1,800,820	849,442	1,246,304
Term deposits and other financial assets at amortised costs	5,340,202	653,742	5,340,202	632,992
	7,036,518	**2,639,187**	**6,235,230**	**1,960,794**

iii. Impairment of financial assets

The Group applies the Simplified Approach to assess and measure expected credit losses (ECLs) for cash and cash equivalents, financial instruments at amortised costs and contract assets. The simplified approach entails recognising the ECL on the lifetime of the balance due to the Group. It involves the calculation of the loss rates to categories of the third parties that

is then applied to the balance. The categorization is done both per unique characteristics and time the balances outstanding.

The loss rates is derived using the Croup's own historical credit loss experience and adjust for both current and forward-looking information. The information is evaluated for its appropriateness in light of market changes so as to remain relevant and provide valid assessment results. To calculate ECL, trade and other receivables are grouped based on shared credit risk characteristics and the days past due.

The Group's historical credit loss experience does not indicate significantly different loss patterns for the various customer segments. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers. 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 long term consensus copper price of $3/lb or 6,615/ MT, gross domestic product projected growth of 4% for Zambia, inflation rate for Zambia projected to trend around 8% and 10%, The group considers these factors in which it sells its goods and services to be the most relevant and, accordingly, adjusts the historical loss rates based on expected changes in these factors.

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.

There were no changes in the estimation techniques or significant assumptions made as at the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

b. Credit risk *(continued)*

iii. Impairment of financial assets (continued)

The loss allowance as at reporting date was determined as follows:

Group

31 December 2022	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
Not due	3,928,200	(253,993)	3,674,207	6.47
Past due 30 - 60 days	12,218	(798)	11,420	6.53
Past due 61 – 90 days	4,893	(303)	4,590	6.19
Past due 91 - 120 days	5,792	(1,639)	4,153	28.30
Over 121 days	2,426,992	(2,426,992)	-	100.00
	6,378,095	**(2,683,725)**	**3,694,370**	

31 December 2021	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
Not due	4,841,390	(255,625)	4,585,765	5.28
Past due 30 - 60 days	8675	(4,163)	4,512	47.99
Past due 61 – 90 days	26,671	(26,027)	644	97.59
Past due 91 - 120 days	47,767	(43,275)	4,492	90.60
Over 121 days	798,038	(798,038)	-	100.00
	5,722,541	**(1,127,128)**	**4,595,413**	

Company

Dec 2022	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
Not due	1,383,953	(253,085)	1,130,868	18.29
Past due 30 - 60 days	1,340	(686)	654	51.19
Past due 61 - 90 days	655	(303)	352	46.26
Past due 91 - 120 days	713	(596)	117	83.59
Over 121days	913,533	(913,533)	-	100.00
	2,300,194	**(1,168,203)**	**1,131,991**	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

b. Credit risk *(continued)*

iii. Impairment of financial assets (continued)

Dec 2021	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
Not due	1,128,944	(254,717)	874,227	22.56
Past due 30 - 60 days	4,054	(4,051)	3	99.93
Past due 61 - 90 days	26,048	(26,027)	21	99.92
Past due 91 - 120 days	42,303	(42,232)	71	99.85
Over 121days	1,319,120	(1,319,120)	-	100.00
	2,520,469	**(1,646,147)**	**874,322**	

The movement in expected credit loss in respect of trade and other receivables during the year was as follows:

Group	31 Dec 2022	31 Dec 2021
Balance at 1 January	1,127,128	1,228,645
Recognised expected credit loss	5,938	35,948
Recovery of impairment loss	(3,962)	(109,111)
Classified to assets held for sale	-	(21,781)
Written off	(41,502)	(6,573)
Closing balance 31 Dec	**1,087,602**	**1,127,128**

The movement in expected credit loss in respect of trade and other receivables during the year was as follows:

Company	31 Dec 2022	31 Dec 2021
Balance at 1 January	1,646,147	1,695,601
Impairment recognised	4,749	81,272
Recovery	(4,205)	(124,088)
Classified to assets held for sale	-	(65)
Written off	(478,488)	(6,573)
Closing balance 31 Dec	**1,168,203**	**1,646,147**

As at 31 December 2022 an expected credit loss of ZMW4.75 million was recognised in the Company mainly relating to supply chain receivables and management fees receivable. These amounts have been impaired in accordance with the Company's expected credit loss model.

Trade receivables are written off when 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. The write off is approved by the Board of Directors.

The ZMW478.49 million written off during the year mainly relates to Ndola Lime Company Limited which was liquidated in 2020.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

b. Credit risk *(continued)*

iii. Capital management (continued)

The loss allowance recognised is categorised as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Performing debtors	2,494	370	1,403	5,787
Non-performing debtors	46,851	35,578	48,013	75,485
	49,345	**35,948**	**49,416**	**81,272**

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. To limit the amount of credit exposure to financial institution for cash and cash equivalent, cash and cash equivalents are held with banks which are rated A.

Term deposits and other financial assets

Term deposits and other financial assets at amortised cost relate to staff debtors are considered to have a low risk of default and the counterparts have a strong capacity to meet their contractual cash flow obligations in the near term.

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The Group maintains the level of its cash flow and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities through cash flow forecasts.

i. Financing arrangements

The Group had no undrawn borrowing facilities at the end of the reporting period (2020: Nil).

ii. Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

c. Liquidity risk *(continued)*

Group	Carrying amount	Contractual amount	Within 1 year	2 -5 years
At 31 December 2022				
Financial liabilities				
Borrowings	28,341,270	28,341,270	-	28,341,270
Overdraft	688,120	688,120	688,120	-
Trade and other payables	5,611,121	5,611,121	5,611,121	-
Liabilities directly associated with assets classified as held for sale	2,308,494	2,308,494	2,308,494	-
	36,949,005	**36,949,005**	**8,607,735**	**28,341,270**
At 31 December 2021				
Financial liabilities				
Borrowings	25,343,567	25,343,567	1,135	25,342,432
Overdraft	70,449	70,449	70,449	
Trade and other payables	1,757,250	1,757,250	1,757,250	-
Liabilities directly associated with assets classified as held for sale	1,678,576	1,678,576	1,678,576	-
	28,849,842	**28,849,842**	**3,507,410**	**25,342,432**

Company	Carrying amount	Contractual amount	Within 1 year	2 - 5 years
At 31 Dec 2022:				
Financial liabilities				
Trade and other payables	105,231	105,231	105,231	-
	105,231	**105,231**	**105,231**	**-**
	Carrying amount	Contractual amount	Within1 year	2 - 5 years
At 31 Dec 2021:				
Financial liabilities				
Borrowings	1,135	1,135	1,135	-
Trade and other payables	47,277	47,277	47,277	-
	48,412	**48,412**	**48,412**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

c. Liquidity risk *(continued)*

iii. Capital management

The scope of the Group management framework covers the Group's total equity reported in its financial statements.

The Group's and Company objectives when managing capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and to 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 number of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Board's policy is to implement a sound financial strategy that ensures financial independence and maintains adequate capital to sustain the long terms objectives of the Group and to meet its operational and capital budget.

The Group monitors capital on the basis of the average gearing ratio in the industry, in Zambia which currently stands at below 50% of equity. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The gearing ratios at 31 Dec 2022 and 31 Dec 2021 were as follows:

		Group		Company
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Borrowings	28,341,270	25,343,567	-	1,135
Bank overdraft	688,120	70,449	-	-
Less: cash and cash equivalents	(329,173)	(184,625)	(45,586)	(81,498)
Net debt	**28,700,217**	**25,229,391**	**(45,586)**	**(80,363)**
Total equity	7,908,807	12,808,905	24,679,852	24,732,194
Total capital	36,609,024	38,038,296	24,634,266	24,651,831
Gearing ratio	**78.40%**	**66.33%**	**0%**	**0%**

The interest rates used to discount estimated cash flows when applicable are based on the government yield curve at the reporting date plus an appropriate credit spread, and are as follows:

		31 Dec 2022	31 Dec 2021
Loans and borrowings		12.21%	15.75%

There has been no change in management of capital during the year.

iv. Fair value estimation

The Group classifies its financial assets in the following measurement categories:

i. those to be measured subsequently at fair value (either through OCI or through profit or loss): and

ii. those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. Financial liabilities are recorded initially at fair value and subsequently measured at amortised cost using the effective interest rate method except for derivative instruments that continue to be measured at fair value.

The fair value of the financial assets and liabilities carried at amortised cost including cash and cash equivalents, trade and other receivables, term deposits, borrowings and trade and other payables are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

c. Liquidity risk *(continued)*

Fair value estimation *(continued)*

Group – 2022	Financial assets at FVTPL	Financial liabilities at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets at fair value through profit or loss	1,252,400	-	-	-
Cash and cash equivalents	-	-	329,187	-
Trade and other receivables	-	-	1,370,921	-
Term deposits	-	-	5,340,202	-
Assets classified as held for sale	2,103,761	-	-	-
Financial liabilities				
Borrowings	-	-	-	(28,341,270)
Bank overdraft	-	-	-	(688,120)
Trade and other payables	-	(5,611,992)	-	-
Liabilities directly associated with assets classified as held for sale	-	(2,353,162)	-	-
	3,356,161	**(7,965,154)**	**7,040,310**	**(29,029,390)**

Group – 2021	Financial assets at FVTPL	Financial liabilities at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets at fair value through profit or loss	1,458,000	-	-	-
Cash and cash equivalents	-	-	184,625	-
Trade and other receivables	-	-	1,800,820	-
Term deposits	-	-	632,992	-
Assets classified as held for sale	1,478,611	-	-	-
Financial liabilities				
Borrowings	-	-	-	(25,341,297)
Bank overdraft	-	-	-	(70,449)
Trade and other payables	-	(1,757,250)	-	-
Liabilities directly associated with assets classified as held for sale		(1,678,576)	-	-
Total balance	**2,936,611**	**(3,435,826)**	**2,618,437**	**(25,411,746)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

42. Financial risk management *(continued)*

c. Liquidity risk *(continued)*

Fair value estimation *(continued)*

Company – 2022	Financial assets at FVTPL/OCI	Financial liabilities at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets at fair value through profit or loss	1,252,400	-	-	-
Investments in associates	16,256,411	-	-	-
Investments in subsidiaries	405,051	-	-	-
Cash and cash equivalents	-	-	45,586	-
Trade and other receivables	-	-	860,493	-
Term deposits	-	-	5,340,202	-
Assets classified as held for sale	145,700	-	-	-
Financial liabilities				
Trade and other payables	-	(105,231)	-	-
Total balance	**18,059,562**	**(105,231)**	**6,246,281**	**-**

Company – 2021	Financial assets at FVTPL	Financial liabilities at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
	-	-	-	-
Financial assets at fair value through profit or loss	1,458,000	-	-	-
Investments in associates	20,603,089	-	-	-
Investments in subsidiaries	327,939	-	-	-
Cash and cash equivalents	-	-	81,498	-
Trade and other receivables	-	-	1,295,154	-
Term deposits	-	-	632,992	-
Assets classified as held for sale	430,977	-	-	-
Financial liabilities				
Borrowings	-	-	-	(1,135)
Bank overdraft	-	-	-	-
Trade and other payables	-	(47,277)	-	-
Total balance	**22,820,005**	**(47,277)**	**2,009,644**	**(1,135)**

Valuation techniques and sensitivity analysis are included in note 23, 24 and 24.

The fair value of the financial assets and liabilities carried at amortised cost including cash and cash equivalents, trade and other receivables, term deposits, borrowings and trade and other payables are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

43. Subsequent events

i. Konkola Copper Mines Plc Court proceeding

Winding Up Proceedings (Lusaka Proceedings).

Following the decision by the High Court to deny Vedanta Resources Holdings Limited ("Vedanta") application to stay the Lusaka Proceedings on 7 August 2019, Vedanta appealed to the Court of Appeal against the said decision. On 20 November 2020, the Court of Appeal overturned the decision of the High court and stayed the liquidation proceedings, referring the parties to arbitration. ZCCM-IH appealed to the Supreme Court against the decision of the Court of appeal on 7 September 2021. The Supreme Court, in a Ruling dated 22 March 2022, declined to hear the appeal. The decision was based on the fact that the matters that ZCCM-IH sought to have the Supreme Court hear and determine had already been dealt with in the Partial Final Award delivered on 7 July 2021 in Arbitration. By this Ruling, the Court of Appeal's decision staying the liquidation proceedings and referring the parties to Arbitration remains unvacated.

Arbitral Proceedings (South African Proceedings)

The hearing of the arbitration is suspended by agreement of the parties pending negotiations to settle the dispute excuria.

Konkola Copper Mines Plc (KCM) separation of Business Units

After the year end, KCM was split into two separate Business Units to improve operational and financial efficiencies. The split was done by way of formation of two subsidiary companies, namely KCM Smelter Co Limited, and KCM Mineral Resources Limited, with two Separate Management structures and employee arrangements. Both companies are currently wholly owned by KCM.

ii. First Quantum Minerals Limited (FQM) Arbitration Proceedings

On 11 November 2019, Kansanshi Holdings Limited ("KHL") filed a Request for Arbitration in London against ZCCM-IH (as Respondent) and Kansanshi Mining Plc (KMP) (as Nominal Respondent). These Arbitration proceedings were strictly confidential as between the parties. On 29 January 2021, the Tribunal made certain decisions in a Partial Final Award and reserved some matters for resolution in a Final Award. On 12 January 2022, the Tribunal delivered a Final Award by Consent, thereby disposing of the said proceedings. The arbitration has, therefore, been concluded.

44. Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for the following items which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Financial assets at fair value through profit or loss	Fair value
Investments in associates (Company)	Fair value
Retirement benefits	Present value of the defined obligation revaluation
Investment property	Fair value
Investment in subsidiary	Fair value

45. Significant accounting policies

The Group has consistently applied the following accounting policies to all policies to all periods presented in these financial statements. Certain comparative amounts in the statement of profit or loss and OCI have been re-presented, to ensure consistency (see Note 7,8 and 13).

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45. Significant accounting policies *(continued)*

(a)	Basis of consolidation
(b)	Foreign currency
(c)	Discontinued operation
(d)	Financial instruments
(e)	Property, plant and equipment
(f)	Investment property
(g)	Intangible assets
(h)	Assets held for sale
(i)	Inventory
(j)	Impairment
(k)	Employee benefits
(l)	Provisions
(m)	Revenue from contracts with customers
(n)	Investments income
(o)	Finance income and costs
(p)	Exploration costs
(q)	Income tax
(r)	Earnings per share
(s)	Segment reporting
(t)	Leases
(u)	Share capital
(v)	Dividend
(w)	Mine Developments
(x)	Environmental restoration

a. Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Common control transaction are accounted for as below :

The transferee incorporates the assets and liabilities of the existing entity at their pre-combination carrying amounts without fair value uplift. This is on the basis that there is no substantive economic change. In essence, the combination of the two entities reflects the results and financial position of the existing business. All that changes is the structure of the group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

a. Basis of consolidation *(continued)*

i. Business combinations *(continued)*

No new goodwill is recorded. Any difference between the cost of the transaction and the carrying value of the net assets is recorded in equity. This applies whether the consideration was for shares or cash.

The Group's financial statements include the transferee full-year results (including comparatives), even though the transaction might have occurred part of the way through the year, or incorporate the results from the date when the entity joined the group, where such a date is later.

The common control has no impact on the entities within the ZCCM-IH group. However, this would affect the wider group i.e changes outside the ZCCM- IH group.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

In the separate financial statements, investments in subsidiaries are classified as fair value through other comprehensive income (OCI).

iii. Non-controlling interests (NCI)

The group recognises non-controlling interests in an acquired entity either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interest in equity accounted investees

The Group's interest in equity accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

vi. Interest in equity accounted investees *(continued)*

In the separate financial statements investments in associates is subsequently measured at fair value. These are classified as fair value through other comprehensive income.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

a. Basis of consolidation *(continued)*

vii. Transactions eliminated on consolidation

Intra-group balances and transactions, fair value changes recognised in respect of its investment in subsidiaries and associates, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

viii. Remeasurement of previously held equity interest – Step up Acquisition

A step acquisition occurs when a shareholder obtains control over an entity by acquiring an additional interest in that entity. If that entity is a business, the group's previously held equity interest is remeasured to fair value at the date the controlling interest is acquired. The remeasurement of the previously-held equity interest is recognized in Profit or loss. Any amounts previously recorded in other comprehensive income relating to the investee is reclassified and included in the calculation of the gain or loss as of the acquisition date.

ix. Reporting date

The financial statements of the Company and subsidiaries used in the preparation of the current consolidated financial statements have the same reporting date of 31 December. When the end of the reporting date of the Company is different from that of the subsidiary or associates, the Company consolidates the financial information of the subsidiaries or associates using the most recent financial statements of the subsidiaries or associates adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

x. Price Participation Fee

Price Participation fees are variable amount, if any, to be credited to the seller as an additional income based on variations in the Payable Copper Price, if, as and when reflected in Benchmark Reference Terms from time to time. The price participation fees are recognised once conditions indicate that additional income is to be received, based on prevailing prices over the agreed period, and that its been agreed with other parties involved, in this case the buyer.

b. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss). Foreign currency differences which arise on the translation of investee companies (which have a different functional currency) are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

in thousands of Kwacha

45 Significant accounting policies *(continued)*

c. Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

d. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A **debt investment** is measured at FVOCI if it meets both of the following conditions and is not

designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual
- cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

d. Financial instruments *(continued)*

ii. Classification and subsequent measurement

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

d. Financial instruments *(continued)*

ii. Classification and subsequent measurement *(continued)*

Financial assets (continued)

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. No set offs have been effected in these financial statements.

e. Property, plant and equipment

i. Recognition and measurement

All items of property, plant and equipment are measured at cost save for land and buildings are which are measured at revalued amounts for the Company. For subsidiaries, property plant and equipment are measured at cost less accumulated depreciation and others at revalued amounts as applicable (see note 17 for full disclosure). Cost includes capitalised borrowing costs, less accumulated depreciation, and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Capital work in progress relates to items of property, plant and equipment that are under construction and are yet to be commissioned for use. Work in progress is measured at the costs incurred in relation to the construction up to the reporting date. Capital work in progress is not depreciated.

The Group's policy is to revalue regularly to ensure that the carrying amount does not differ materially from the fair value. The revaluation differences are recognised in other comprehensive income and accumulated in equity "revaluation reserve" unless the revaluation difference represents the reversal of a revaluation decrease previously recognised as an expense, in which case the revaluation difference is recognised in profit or loss. A decrease arising as a result of a revaluation is recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. The revaluation surplus included in equity is transferred directly to retained earnings when the asset is used by the Group. The amount of the surplus transferred is the difference between depreciation charge based on the revalued carrying amount of the assets and the depreciation charge based on the original cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

e. Property, plant and equipment *(continued)*

i. Recognition and measurement *(continued)*

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Property	20 years
Leasehold land and buildings	Life of mine
Vehicles	3 - 5 years
Plant, equipment and furniture	3 - 7 years
Vertical kiln	15 years
Rotary kiln	12 years
Mineral properties	Unit of production method
Mine Development	Unit of production method

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other Comprehensive Income (OCI) and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

f. Investment property

Investment property is property held to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use for the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the profit or loss.

Any gain or loss on the disposal of investment property (calculated as the difference between the net proceeds and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount that is included in the revaluation reserve is transferred to retained earnings.

in thousands of Kwacha

45 Significant accounting policies *(continued)*

g. Goodwill and Intangible assets

i. Recognition and measurement

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less any accumulated amortisation. The group's intangible assets comprises acquired computer software programmes. Costs associated with maintaining software programmes are recognised as an expense as incurred.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognised in profit or loss as incurred.

iii. Amortisation and impairment

Goodwill

Goodwill has an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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 other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Intangible assets

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

The estimated useful lives of the Group's computer software is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Derecognition

Intangible assets are derecognised when an asset is sold, exchanged or abandoned and therefore, removed from the statement of financial position.

h. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

i. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

j. Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

- The Group recognises loss allowances for ECLs on:
- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the. 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

j. Impairment *(continued)*

i. Non-derivative financial assets

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Determining whether goodwill is impaired requires an estimation of the present value of future cash flows generated from the cash generating units to which the goodwill has been allocated. The present value calculation requires an estimation of the future cash flows expected to arise and a suitable discount rate in order to calculate present value.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

k. Employee benefits

i. Short -term employee benefits

Short term-employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii. Defined contribution plans

Obligations for contribution to defined contribution plans are expensed in the profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. The Group and all its employees also contribute to the National Pension Scheme Authority, which is a defined contribution scheme. Amounts recognised as an expense during the year were ZMW1.4 million (31 March 2019: ZMW 2.4 million)

iii. Defined benefit plans

The Group provides for retirement benefits (i.e. a defined benefit plan) for all permanent employees in accordance with established pension scheme rules as well as the provisions of Statutory Instrument No. 119 of the Laws of Zambia. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The cost of providing the defined benefit plan is determined annually using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The discount rate is required to be determined with reference to the corporate bond yield. However, due to the non-availability of an active developed market for corporate bonds the discount rate applicable is the yield at the reporting date on the Government of the Republic of Zambia's bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The defined benefit obligation recognised by the Group, in respect of its defined benefit pension plan, is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets.

When the calculations above result in a benefit to the Group, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to other comprehensive income when they arise. These gains or losses are recognised in full in the year they occur.

Past service costs are recognised immediately in the profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period). In this case, the past-service costs are amortised on a straight line basis over the vesting period.

iv. Other entitlements

Some employees are on fixed term contracts and are entitled to gratuity. These are recognised when they accrue to employees. An estimate is made for the liability for such entitlements as a result of services rendered by employees up to the reporting date.

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

l. Provisions and contingent liabilities

Provisions are determined by discounting the expected future cash flows at a pre – tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

1. *Environmental rehabilitation and restoration*

In accordance with applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, is accounted for in accordance with; changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:

- a decrease in the liability is (subject to (b)) be recognised in other comprehensive income and increase the revaluation surplus within equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss;
- an increase in the liability is recognised in profit or loss, except that it shall be recognised in other comprehensive income and reduce the revaluation surplus within equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in profit or loss.
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be recognised in profit or loss or in other comprehensive income under If a revaluation is necessary, all assets of that class are revalued.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability shall be recognised in profit or loss as they occur. This applies under both the cost model and the revaluation model.

2. *Financial guarantee contracts*

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments, and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3. *Contingent liabilities*

All possible obligations whose outcomes are dependent on whether some uncertain future event occurs, or a present obligation but payment is not probable, or the amount cannot be measured reliably are considered as Contingent liabilities. These contingent liabilities are reviewed on a regular basis and were appropriate an estimate is made of the potential financial impact on the Group. As at 31 December 2021 and 2020, no potential liability was recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

m. Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods	Customers obtain control of the products when the goods are delivered. Invoices are generated and revenue is recognised at that point in time. Invoices are payable within 30 days.	Revenue is recognised in the period in which the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligations that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customers.
Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Services rendered	The Group is involved in provision of environmental consultancy services, analytical services, surveying services and radiation safety. Revenue from providing services is recognised in the accounting period in which the services are rendered.	Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

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. The Group had no contract assets as at year end. Contract liabilities primarily relate to the advance consideration received from the customer for which revenue is recognised when the goods and services are provided. The Group had no contract liabilities as at year end.

n. Investment income and expenses

The Group's investments income and expenses costs include:

- Dividends receivables;
- Interest income; and
- Interest expense.

Dividends are recognised as revenue in the period in which the right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

Interest income or expense is recognised using the effective interest method.

o. Finance income and finance costs

The Group's finance income and finance costs include

- Gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities;
- Unwinding income or expense on price participation fees;
- Unwinding expense on environmental provision; and
- Borrowing costs.

All borrowing costs are recognised in the profit or loss using the effective interest method.
Borrowing costs attributable to fixed assets during construction are capitalised

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

p. Exploration costs

The Group is involved in exploration and evaluation of mineral resources including, oil and gas and other similar non – regenerative resources in specific license areas where the Group has legal rights. This process also involves the determination of both the technical feasibility and commercial viability of extracting the mineral resource.

General exploration and associated costs incurred in connection with exploration and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable, are expensed in the period in which they are incurred. Exploration and associated costs for projects which are commercially viable, and it is considered that future economic benefits will flow to the Company are capitalised.

Accounting for exploration and evaluation expenditures

Exploration and evaluation expenditures are measured at cost on initial recognition. Costs directly associated with commercially viable exploration project are capitalised until the determination of reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to expenses.

Depreciation of exploration and evaluation assets

Exploration and evaluation asset are depreciated using a straight-line method over a period of five years.

q. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;`
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when probability of future taxable profit improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

q. Income tax *(continued)*

ii. Deferred tax *(continued)*

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

iii. Tax exposures

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made

r. Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share 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 year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options.

s. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance.

t. Leases

i. The Group as a lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of us

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

t. Leases *(continued)*

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

45 Significant accounting policies *(continued)*

u. Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

v. Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's annual financial statements in the period in which the dividends are approved by the Company's shareholders. When dividends are proposed they are presented in a separate column in the statement of changes in equity.

w. Mine development costs

Exploration and associated costs relating to non-specific projects or properties are expensed in the period in which they are incurred. Significant property acquisition costs and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned, or placed into production. No costs are deferred on a property believed to be impaired in value. Mine development and property acquisition costs, including costs incurred during production to expand ore reserves within existing mine operations, are deferred, and amortised over the life of the mines. Reviews are undertaken regularly to evaluate the carrying values of operating mines and development properties. If it is determined that the net recoverable amount is significantly lower than the carrying value, and the impairment in value is likely to be permanent, a write-down to the net recoverable amount is made by a charge to profit or loss.

x. Environmental restoration

Provision is made for costs associated with the restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of the extractive industry and are normally accrued to reflect the Company's obligations at that time. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16. If the related asset is measured using the revaluation model, a decrease in the liability shall be recognised in other comprehensive income and an increase in the liability shall be recognised in profit or loss, except that it shall be recognised in other comprehensive income. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income. The Company is required to make contributions to the government for future rehabilitation work relating to its production activities. The contributions are based on an environmental assessment that is performed by environmental auditors. The Company records a liability for the future contributions to be made to the government based on the environmental disturbances incurred to date per the environmental auditor's assessment with a corresponding charge to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

Appendix

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (Unaudited)	31-Dec 2022 US$'000	31-Dec 2021 US$'000
Assets		
Property, plant and equipment	756,962	777,599
Exploration and evaluation asset	2,767	2,077
Intangible assets	189,407	192,953
Investment property	11,120	11,541
Investment in associates	840,596	1,024,655
Financial assets at fair value through profit or loss	69,375	87,533
Trade and other receivables	162,390	79,875
Environmental Protection Fund	5,231	5,231
Deferred tax assets	6,805	20,463
Non-current assets	**2,044,653**	**2,201,927**
Inventories	295,855	280,927
Trade and other receivables	42,255	196,018
Assets held for sale	116,536	88,771
Term deposit	295,815	39,248
Cash and cash equivalents	18,235	11,084
Current assets	**768,696**	**616,048**
Total assets	**2,813,349**	**2,817,975**
Equity		
Share capital	132	132
Share premium	171,398	171,398
Other reserves	934,253	954,557
Retained earnings	(561,555)	(348,685)
Equity attributable to shareholders	**544,228**	**777,402**
Non-controlling interest	**(2,589)**	**(1,244)**
Total Equity	**541,639**	**776,158**
Liabilities		
Borrowings	1,522,053	1,473,659
Trade and other payables	-	-
Retirement benefits	10,134	5,781
Provisions for environmental rehabilitation	67,640	71,973
Non-current liabilities	**1,599,827**	**1,551,413**
Borrowings	47,883	47,883
Bank overdraft	38,118	4,230
Trade and other payables	412,750	287,966
Liabilities associated with assets classified as held for sale	127,877	100,776
Provisions	27,015	22,739
Current tax liabilities	10,533	12,161

CORPORATE INFORMATION

Registered and Corporate Office

Stand No. 16806

Alick Nkhata Road

Mass Media Complex Area

P O Box 30048

Lusaka 10101, Zambia

UK Registrars

Link Asset Service

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

United Kingdom

Brokers for Lusaka Securities Exchange Listing

Stockbrokers Zambia Limited

32 Lubu Road

Longacres

P O Box 38956

Lusaka, Zambia

Auditors

PricewaterhouseCoopers Zambia (PWC)

PWC Place, Stand No. 2374 Thabo Mbeki Road

PO. Box 30942

Lusaka, Zambia

CORPORATE INFORMATION (continued)

Principal Bankers:

Barclays Bank (Zambia) Plc

Standard Chartered Bank (Zambia) Plc

Zambia National Commercial Bank Plc

Transfer Secretaries

Corpserve Transfer Agents Limited

Mwaleshi Road, Olympia Park

P O Box 37522

Lusaka 10101, Zambia

Phone: + 260 211 256969/70

Fax : +260 211 256975

Email: info@corpservezambia.com.zm

Shareholder Contact

Chabby Chabala

Company Secretary

Monica Mwananshiku Chikonde

Acting Corporate Services Manager

Loisa Mbatha Kakoma

Public Relations Manager

Phone : +260 211 221023/228833

Fax : +260 211 220727

E-mail : corporate@zccm-ih.com.zm

Website: www.zccm-ih.com.zm

Appendix

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (Unaudited)	31-Dec 2022 US$'000	31-Dec 2021 US$'000
Assets		
Property, plant and equipment	756,962	777,599
Exploration and evaluation asset	2,767	2,077
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Current assets	**768,696**	**616,048**
Total assets	**2,813,349**	**2,817,975**
Equity		
Share capital	132	132
Share premium	171,398	171,398
Other reserves	934,253	954,557
Retained earnings	(561,555)	(348,685)
Equity attributable to shareholders	**544,228**	**777,402**
Non-controlling interest	**(2,589)**	**(1,244)**
Total Equity	**541,639**	**776,158**
Liabilities		
Borrowings	1,522,053	1,473,659
Trade and other payables	-	-
Retirement benefits	10,134	5,781
Provisions for environmental rehabilitation	67,640	71,973
Non-current liabilities	**1,599,827**	**1,551,413**
Borrowings	47,883	47,883
Bank overdraft	38,118	4,230
Trade and other payables	412,750	287,966
Liabilities associated with assets classified as held for sale	127,877	100,776
Provisions	27,015	22,739
Current tax liabilities	10,533	12,161
Retirement benefits	7,707	14,649
Current liabilities	**671,883**	**490,404**
Total liabilities	**2,271,710**	**2,041,817**
Total equity and liabilities	**2,813,349**	**2,817,975**

Appendix

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022
(Unaudited)

	31-Dec 2022 US$'000	31-Dec 2021 US$'000
Assets		
Property, plant and equipment	7,408	6,702
Intangible assets	198	149
Investment property	11,120	11,541
Investments in subsidiaries	22,437	19,688
Investment in associates	900,507	1,236,940
Financial assets at fair value through P&L	69,375	87,533
Deferred tax assets	14,345	28,104
Trade and other receivables	53,076	40,613
Non-current assets	**1,078,466**	**1,431,270**
Inventory	830	1,159
Trade and other receivables	9,629	11,878
Assets held for sale	8,071	25,874
Term deposit	295,815	38,003
Cash and cash equivalents	2,525	4,893
Current assets	**316,870**	**81,807**
Total assets	**1,395,336**	**1,513,077**
Equity		
Share capital	132	132
Share premium	171,398	171,398
Other reserves	758,033	1,120,039
Retained earnings	439,877	195,093
Equity attributable to shareholders	**1,369,440**	**1,486,662**
Liabilities		
Deferred tax liabilities	-	-
Retirement benefits	514	616
Provisions for environmental rehabilitation	2,180	4,799
Non-current liabilities	**2,694**	**5,415**
Borrowings	-	68
Trade and other payables	6,703	7,017
Provisions	6,021	1,773
Current tax liabilities	10,478	12,142
Current liabilities	**23,202**	**21,000**
Total liabilities	**25,896**	**26,415**
Total equity and liabilities	**1,395,336**	**1,513,077**

Appendix

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022	31-Dec 2022 US$'000	31-Dec 2021 US$'000
Revenue from customer with contracts	701,428	731,608
Net Interest Income from loans and advances		
Financial Instruments	6,497	7,027
Fees and commissions	2,346	1,649
Cost of sales	(862,705)	(723,250)
Gross (loss)/profit	**(152,434)**	**17,034**
Investment income	2,835	663
Investment expenses	(26)	-
Net investment income	**2,809**	**663**
Other income	11,099	12,031
Fair value adjustment financial asset at fair value through profit or loss	(12,059)	59,258
Impairment of goodwill on acquisition	-	(754,798)
Net impairment losses on financial assets	(477)	3,218
Administration expenses	(43,973)	(88,440)
Operating loss	**(195,035)**	**(751,034)**
Finance income	26,536	24,532
Finance costs	(132,920)	(68,546)
Net finance costs	**(106,384)**	**(44,014)**
Share of profit of equity-accounted investees, net of tax	94,026	152,697
Loss before tax	**(207,393)**	**(642,351)**
Income tax (expense)/credit	(14,634)	3,378
Loss for the year	**(222,027)**	**(638,973)**
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation on property, plant and equipment	732	-
Deferred tax on revaluation reserve	(220)	-
Actuarial gain on defined benefit pension plans	11,978	(5,350)
Deferred tax on defined benefit actuarial loss	(2)	(66)
Equity-accounted investees- share of other comprehensive income	652	2,658
	13,140	(2,758)
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences - equity - accounted investees	79,868	(222,816)
Foreign currency translation differences - Subsidiaries investees	(153,381)	450,677
	(73,513)	**227,861**
Other comprehensive income, net of tax	**(60,373)**	**225,103**
Total comprehensive income	**(282,400)**	**(413,870)**

Appendix

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (Unaudited)		
	31-Dec 2022 US$'000	31-Dec 2021 US$'000
Investment income	288,347	49,203
Revenue from contracts with customers	46	4,057
Cost of sales	(125)	(3,949)
Other income	5,173	1,808
Fair value adjustment financial asset at fair value through profit or loss	(12,059)	59,258
Net impairment losses on financial assets	(32)	2,176
Administration expenses	(43,562)	(18,952)
Operating profit	**237,788**	**93,601**
Finance income	26,161	3,823
Finance costs	(310)	(16,630)
Net finance income	**25,851**	**(12,807)**
Profit before tax	**263,639**	**80,794**
Income tax (expense)/credit	(13,860)	4,379
Profit for the year	**249,779**	**85,173**
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation of property, plant and equipment	732	-
Deferred tax on amortisation of revaluation reserve	(220)	-
Actuarial (loss)/gain on defined benefit pension plans	6	188
Deferred tax on defined benefit actuarial/(loss) gain	(2)	(66)
Investments in subsidiaries – net change in fair value	6,571	235
Investments in associates – net change in fair value	(254,937)	(3,238)
Deferred tax on fair value change on investments in subsidiaries	-	-
Deferred tax on fair value change on investments in associates	-	-
Other comprehensive income, net of tax	**(247,850)**	**(2,881)**
Total comprehensive income	**1,929**	**82,292**

CONTACT US

Email: corporate@zccm-ih.com.zm or **Call**: 260 211 – 221 023 / 388 000 / 228 833

VISIT US

ZCCM-IH Office Park
Stand No. 16806, Alick Nkhata Road
Mass Media Complex Area
P.O Box 30048, Lusaka, 10101