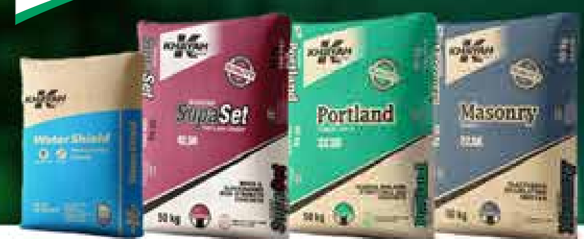
LAFARGE CEMENT ZIMBABWE LIMITED UNAUDITED PRELIMINARY FINANCIAL RESULTS

For the Year Ended 31 December 2022

Quality through generations



CHAIRMAN'S STATEMENT

The first half of the 2022 financial year was characterised by monetary policy fragility which led to aggressive inflation and depreciation of the foreign currency exchange rate. As a result, the monetary authorities implemented tight policy measures, including an upward review of the bank interest rate from 80% to 200%. Policy measures led to monthly inflation coming down from a 23-month high of 30.7% in June 2022 to close the year at 2.4% in December 2022. Annual inflation closed 2022 at 243.7%, up from 60.7% in the previous year, reflecting the inherent vulnerabilities in the local currency and the general pricing of goods.

The country's overall economic performance was suppressed, with an annual growth of 3.0% in 2022 (2021: 6.3%) against a target of 3.9%.

The influx of cheap imported cement posed a serious threat to the domestic industry which has enough capacity to meet national demand. Constructive engagement continued with the regulatory authorities in an endeavour to obtain the required support.

The Company resumed production of cement at both mills in mid-February 2022 following the October 2021 incident which resulted in the roof over both cement mills collapsing. During the second half of the year, the Company successfully commissioned the Vertical Cement Mill (VCM) and subsequently decommissioned Mill 1 which had the least capacity. The VCM doubled the Company's milling capacity to 1 million tons per annum and bolstered its ability to supply high strength cement of improved quality and, at the same time, reduced the production costs. In December 2022, there was a change of the Company's majority shareholding which saw a local consortium acquire the 76.4% stake in the business, previously held by Associated International Cement Limited. Accordingly, the Company embarked on a transformation and rebranding journey in line with the changes in the majority shareholding.

On behalf of the Board of Directors, I hereby present the unaudited financial results for the year ended 31 December 2022. Finalisation of the 2022 external audit has been impacted by the transition from the Holcim Group following the change in the shareholding structure. The Company and the external Auditors are concluding the audit process to enable the publishing of the audited results in a matter of weeks.

STRATEGIC AGENDA
The Company implemented the Lafarge Holcim 2022 Vision – Building for Growth, focusing on the key strategic pillars of Winning at the Customer, Creating Sustainable Industrial Performance, Building Winning Teams and Restoring Profitability.

HEALTH, SAFETY AND ENVIRONMENT
Health, safety and environmental issues continue to be at the core of the Company's values, supported by policies and programs tailored to achieve zero harm in its operations. The Company has a zero-tolerance attitude towards negligence in the workplace. Health, safety, environment and quality systems are continually upgraded and improved, in line with world class standards to enhance performance in accordance with the Company's Zero Harm policy.

The Board and Management are committed to providing a safe and healthy working environment for employees, contractors and all our stakeholders. During the year under review, it is pleasing to report that no fatalities or serious injuries were recorded at any of the Company's operations or projects. During the same period, the Company did not incur any environmental penalties.

INFLATION ADJUSTED FINANCIAL PERFORMANCE
Inflation adjusted revenues were constant at ZWL 24.4 billion (2021: 24.6 billion) over the comparative period. Cement production volumes decreased by 15% as a result following of the cement mill roof collapsed incident, production ramp up after the commissioning of the VCM was also slow as tests had to be conducted before the mill could perform at optimal levels. Sales volumes decreased by 19% in line with the trend in production volumes. The Company also witnessed increased costs as a result of increased third party and plant maintenance costs. Consequently, margins dropped to 32.5% compared to 49.6% in the prior year.

The Company managed to maintain a tight control over its operating expenditure as total expenses fell by 7.6%. Distribution expenses declined by 77.1% whilst administrative costs remained fairly constant over the comparative period.

Despite the operating cost containment efforts, the lower volumes and inflationary pressures weighed down the overall performance of the Company to a loss before tax of ZWL 17.3 billion compared to a profit before tax of ZWL 1.7 billion in 2021. Exchange rate losses increased by 490% and were the major driver of the decline in profitability.

The Dry Mortars business performance was adversely affected by raw material shortages, including key imported materials, owing to foreign currency shortages.

BORROWINGS
The Company had net long term borrowings of ZWL 9.2 billion for the year under review (2021: ZWL 2.3 billion).

HYPERINFLATION AND REGULATORY ENVIRONMENT
As previously reported, the Public Accountants and Auditors Board (PAAB), declared that Zimbabwe met the conditions for financial reporting of an economy in hyperinflation with effect from 1 July 2019. Consequently, all entities reporting under International Financial Reporting Standards (IFRSs) are required to comply with International Accounting Standard (IAS) 29 'Financial Reporting in Hyperinflationary Economies'. The business therefore continues to present hyperinflation adjusted financial statements on which the commentary is based. Historical information has been presented as unaudited supplementary information.

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CAPITAL EXPENDITURE
The business concluded the implementation of the previously announced USD 25 million capital expansion program. The final phase of this three-pronged investment plan was the commissioning of the VCM in 2022, following the successful installation of alternative power infrastructure in 2020 and the completion of the automated Dry Mortars plant in 2021.

BOARD AND MANAGEMENT
Mr. Geoffrey Ndugwa resigned as Chief Executive Officer and a member of the Board of Directors with effect from 1 December 2022. He was replaced by Mr. Innocent Chikwata. The Board is confident that Mr. Chikwata will lead the business effectively to deliver shareholder value. Mr. Amr Aly Moaufy resigned as Chief Finance Officer and a member of the Board of Directors with effect from 1 December 2022. He was replaced by Mr. Willcort Dzuda.

Mrs. Gloria Eva Zvaravanhu resigned as an Independent Non-Executive Director, Chairperson of the Audit and Risk Management Committee and member of the Safety Health & Environmental and Corporate Social Responsibility Committee with effect from 19 December 2022. Mr. Shepherd Shonhiwa resigned as an Independent Non-Executive Director and member of the Nomination and Remuneration Committee as well as the Safety Health & Environmental and Corporate Social Responsibility Committee with effect from 31 December 2022. Mr. John William Stull resigned as a Non-Executive Director effective 1 December 2022. I would like to thank Mr. Ndugwa, Mr. Moaufy, Mrs. Zvaravanhu, Mr. Shonhiwa and Mr. Stull for their dedicated service to the Company during their respective tenures.

DIVIDEND
Due to the prevailing uncertainties in the economic environment and the desire to ensure that adequate working capital is maintained in the business, the Directors have not declared a dividend.

APPRECIATION
I would like to extend a very special word of gratitude to our customers, suppliers and various stakeholders who have contributed to the success of the business, to all the employees for trusting and co-operating with the leadership direction to manage the various headwinds encountered during the year under review.

OUTLOOK
We welcome and support efforts by Government and regulatory agencies to stabilise the macro-economic environment and maintain the viability of the cement industry. The need to regulate cement imports, bring inflation under control, address the shortages of electricity supply and an improvement in the state of the global economy are likely to be dominant factors in the Company's performance for the year 2023. The Company will also continue to adapt its business strategy so as to thrive in the ever-changing environment.

Encouraging signs are being observed in the individual household sector and Government-funded infrastructure projects. There is also higher economic activity in the agricultural sector which is being spurred by Government-driven initiatives. The Company is uniquely positioned to support the agricultural sector through its Dry Mortar Products which include agricultural lime. Consequently, the Directors are satisfied with the positive trend in production, sales and profitability recovery despite power outages, and that overall performance will continue improving going forward.

The change of the Company's name from Lafarge Cement Zimbabwe Limited to Khayah Cement Limited will be dealt with at the forthcoming EGM scheduled for 7 July, 2023. This will pave way for resumption of trading of the Company's shares on the Zimbabwe Stock Exchange.

By Order of the Board

K. C. Katsande
Chairman of the Board of Directors

29 June 2023

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the financial statements and related information. The financial statements are prepared with the intention to comply with International Financial Reporting Standards ("IFRSs"), the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules 2019 ("the Zimbabwe Stock Exchange Listings Requirements").

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to safeguard, verify and maintain accountability of assets and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis. The Directors have reviewed the Company's current operational performance, the forecasts for the three-year period from 1 January 2023, the projected cashflows for the forecast period, the recent commissioning of the Vertical Cement Mill (VCM) and the coming on board of a new shareholder. On the basis of this review and assessment of the current financial position, the Directors believe that the Company will remain a going concern for the foreseeable future. However, the Directors believe that under the current economic environment, a continuous assessment of the ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

Compliance with IFRSs
The financial statements are prepared with the aim of complying fully with IFRSs. IFRSs comprise standards issued by the International Accounting Standards Board ("IASB") and interpretations developed and issued by the International Financial Reporting Interpretations Committee ("IFRS IC") or by the former Standing Interpretations Committee ("SIC"). Complying with IFRSs is intended to achieve consistency with the financial reporting framework adopted by the ultimate parent Company, Montanavalley (Private) Limited which is incorporated in Zimbabwe

The Company has translated all foreign currency transactions arising in both the 2021 and 2022 financial years, and the related balances at the end of both periods using the RBZ interbank exchange rates mid-rate. Therefore, all foreign currency transactions and balances are converted using the RBZ interbank rate mid-rate.

The financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 29 June 2023 and signed on its behalf by:

K. C. Katsande
Chairman
29 June 2023

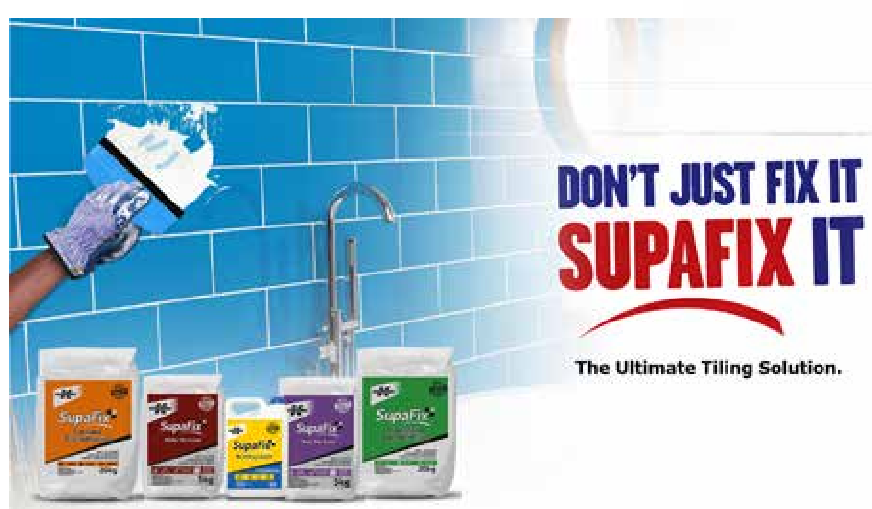
I. Chikwata
Chief Executive Officer
29 June 2023

PREPARER OF THE FINANCIAL STATEMENTS
The financial statements have been prepared under the supervision of:

W. Dzuda CA(Z) R.P. Acc
Chief Finance Officer
PAAB No 00207
29 June 2023

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Inflation Adjusted		Historical Cost	
	2022 ZWL'000	*Restated 2021 ZWL'000	Unaudited 2022 ZWL'000	Unaudited *Restated 2021 ZWL'000
Revenue	24,436,516	24,666,442	17,579,460	5,586,097
Cost of sales	(16,748,391)	(12,429,537)	(9,862,695)	(2,788,563)
Gross profit	**7,688,125**	**12,236,905**	**7,716,765**	**2,797,534**
Other income	222,734	29,535	200,363	6,620
Distribution expenses	(866,464)	(1,534,124)	(599,994)	(329,035)
Administration expenses	(9,573,945)	(9,523,333)	(7,808,700)	(2,131,800)
Other expenses	(13,405,482)	(2,555,552)	(13,238,849)	(788,967)
Finance costs	(2,039,611)	(1,155,238)	(1,572,711)	(263,871)
Net monetary gain	4,772,667	1,899,540	-	-
Loss before income tax	**(13,201,976)**	**(602,267)**	**(15,303,126)**	**(709,519)**
Income tax (expense)/credit	(4,068,992)	2,271,618	(1,264,429)	818,573
(Loss)/profit for the year	**(17,270,968)**	**1,669,351**	**(16,567,555)**	**109,054**
Other comprehensive income net of tax	14,557,478	4,336,592	24,099,825	2,249,816
Total profit and comprehensive income for the year	**(2,713,490)**	**6,005,943**	**7,532,270**	**2,358,870**
Number of shares	80,000,000	80,000,000	80,000,000	80,000,000
(Losses)/Earnings per share (in ZWL per share)				
Basic	**(215,89)**	**20.87**	**(207.09)**	**1.36**
Diluted	**(215,89)**	**20.87**	**(207.09)**	**1.36**
Headline	**(216,22)**	**18.67**	**(207.38)**	**0.84**



LAFARGE CEMENT ZIMBABWE LIMITED
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Directors: K. C. Katsande (Chairman); M. A. Masunda; S. M. Mutangadura; S. N. Chitehwe; T. N. H. Kapumha; I. Chikwata (Chief Executive Officer) W. Dzuda (Chief Financial Officer)

LAFARGE CEMENT ZIMBABWE LIMITED UNAUDITED PRELIMINARY FINANCIAL RESULTS

For the Year Ended 31 December 2022

LAFARGE

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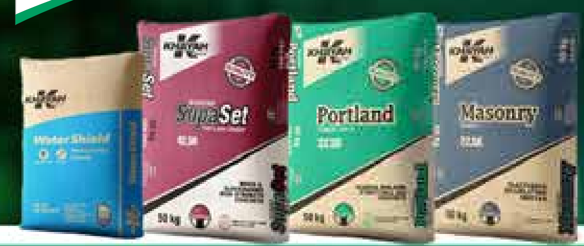

ABRIDGED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Inflation Adjusted		Historical Cost	
			Unaudited	Unaudited
	2022 ZWL'000	2021 ZWL'000	2022 ZWL'000	2021 ZWL'000
ASSETS				
Non-current assets				
Property, plant and equipment	48,137,857	22,215,746	45,722,912	5,748,718
Statutory receivable	-	8,893,501	-	2,587,126
Total non-current assets	**48,137,857**	**31,109,247**	**45,722,912**	**8,335,844**
Current assets				
Inventories	6,464,930	7,091,149	4,234,532	1,577,348
Prepayments	1,702,105	1,519,562	1,145,871	349,223
Trade and other receivables	912,463	997,966	912,463	290,312
Related party receivables	95,807	148,620	95,807	43,234
Cash and cash equivalents	1,904,391	348,769	1,904,391	101,457
Total current assets	**11,079,696**	**10,106,066**	**8,293,064**	**2,361,574**
Total assets	**59,217,553**	**41,215,313**	**54,015,976**	**10,697,418**
EQUITY				
Issued share capital	123,128	123,128	800	800
Revaluation reserve	26,561,674	12,004,196	27,935,846	3,836,021
Retained earnings	(11,936,078)	5,334,890	(17,093,931)	68,719
Total equity	**14,748,724**	**17,462,214**	**10,842,715**	**3,905,540**
LIABILITIES				
Non-current liabilities				
Long term borrowings	22,278,628	12,464,948	22,278,628	3,626,062
Deferred tax liabilities	8,761,951	157,383	7,550,374	42,863
Provision for quarry rehabilitation	817,616	464,314	817,616	134,778
Total non-current liabilities	**31,858,195**	**13,086,645**	**30,646,618**	**3,803,703**
Current liabilities				
Trade and other payables	9,412,950	4,716,958	9,328,959	1,257,461
Related party payables	648,524	5,282,056	648,524	1,536,554
Short term provisions	1,279,477	311,147	1,279,477	90,513
Short term borrowings	125,000	-	125,000	-
Current tax payable	1,144,683	356,293	1,144,683	103,647
Total current liabilities	**12,610,634**	**10,666,454**	**12,526,643**	**2,988,175**
Total liabilities	**44,468,829**	**23,753,099**	**43,173,261**	**6,791,878**
Total equity and liabilities	**59,217,553**	**41,215,313**	**54,015,976**	**10,697,418**

ABRIDGED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

INFLATION ADJUSTED

	Share capital ZWL'000	Revaluation Reserve ZWL'000	Retained Earnings ZWL'000	Total Equity ZWL'000
Balance at 1 January 2021	**123,128**	**7,688,032**	**3,665,539**	**11,476,699**
Net profit for the year (**Restated)	-	-	1,669,351	1,669,351
Other comprehensive income	-	4,336,592	-	4,336,592
Reversal from assets impairment	-	(20,428)	-	(20,428)
Total equity 31 December 2021 Restated**	**123,128**	**12,004,196**	**5,334,890**	**17,462,214**
Loss for the year	-	-	(17,270,968)	(17,270,968)
Other comprehensive income	-	14,557,478	-	14,557,478
Total equity 31 December 2022	**123,128**	**26,561,674**	**(11,936,078)**	**14,748,724**

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***HISTORICAL COST**

	Share capital ZWL'000	Revaluation Reserve ZWL'000	Retained Earnings ZWL'000	Total Equity ZWL'000
Balance at 1 January 2021	**800**	**1,589,902**	**(40,335)**	**1,550,367**
Net profit for the year (**Restated)	-	-	109,054	109,054
Other comprehensive income	-	2,249,816	-	2,249,816
Reversal of asset impairment	-	(3,697)	-	(3,697)
Total equity 31 December 2021 Restated**	**800**	**3,836,021**	**68,719**	**3,905,540**
Loss for the year	-	-	(16,567,555)	(16,567,555)
Other comprehensive income	-	24,099,825	-	24,099,825
Prior year adjustment	-	-	(595,095)	(595,095)
Total equity 31 December 2022	**800**	**27,935,846**	**(17,093,931)**	**10,842,715**

ABRIDGED STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	Inflation Adjusted			Historical cost
				Unaudited
		*Restated	Unaudited	*Restated
	2021 ZWL'000	2020 ZWL'000	2021 ZWL'000	2020 ZWL'000
Cash flow from operating activities				
(Loss) / profit for the year	**(17,270,968)**	**1,669,351**	**(16,567,555)**	**109,054**
Net cash from operations before working capital changes	**20,469,732**	**3,264,224**	**6,052,246**	**23,050**
Cash generated from operations	**22,082,511**	**4,871,054**	**10,296,122**	**361,140**
Net cash generated by operating activities	**21,163,115**	**3,203,507**	**9,627,407**	**(11,786)**
Total net cash used in investing activities	**(10,958,341)**	**(3,278,366)**	**(10,475,922)**	**(711,395)**
Total net cash generated from /(used in) financing activities	**125,000**	**(262,875)**	**125,000**	**(47,575)**
Total net increase (+) / decrease (-) in liquid funds	**1,555,622**	**(355,619)**	**(723,515)**	**(770,756)**
Cash and cash equivalents at the beginning of the year	**348,769**	**704,388**	**101,457**	**127,480**
Cash and cash equivalents at the end of the year	**1,904,391**	**348,769**	**1,904,391**	**101,457**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Lafarge Cement Zimbabwe Limited ("the Company") is incorporated in Zimbabwe and is engaged in the manufacture and distribution of cement and allied products. Its ultimate holding Company is Montanavalley (Private) Limited, a Company which is also incorporated in Zimbabwe. The address of its registered office and principal business is Manresa Works, Arcturus Road, Greendale, Harare, Zimbabwe. Montanavalley (Private) Limited acquired a 76.5% shareholding in Lafarge Cement Zimbabwe Limited from Holcim Limited on 1 December 2022.

The Company's financial statements are presented in Zimbabwe dollar (ZWL) and are rounded to the nearest thousand dollars (ZWL '000').

2. Statement of compliance

The financial statements of the Company have been prepared using accounting policies that aim to be consistent with International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and in compliance with the Zimbabwe Stock Exchange Listing Requirements. The Company complied with Statutory Instrument 33 of 2019 and maintained an exchange rate of 1:1 between the USD and its functional currency, the Zimbabwe Dollar (formerly the RTGS dollar or RTGS balances), for the period up to 22 February 2019, and thereafter adopted the official rate of exchange to determine relevant spot rates.

3. Functional and presentation currency

The financial statements have been presented in Zimbabwe Dollars ("ZWL"), being the functional and presentation currency. The Company converted its foreign denominated balances using RBZ interbank exchange rate (mid-rate).

4. Basis of preparation

The financial statements have been prepared from the statutory records that are maintained under the historical cost basis except for certain property, plant and equipment items that are measured at revalued amounts, and certain financial instruments measured at amortised cost, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate.

5. IAS 29 Financial Reporting in Hyperinflationary Economies

The Company applied International Accounting Standard ("IAS") 29 Financial Reporting in Hyperinflationary Economies in compliance with the guidance provided by the Public Accountants and Auditors Board ("PAAB") through its pronouncement 01/2019. The current period figures in the financial statements have been restated for the changes in the general purchasing power of the ZWL, with reference with 1 October 2018 as the start date of application of hyperinflation. The corresponding inflation adjusted figures for the prior year utilised a start date of 22 February 2019 for purposes of hyperinflation. Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 compliant for the year ended 31 December 2022.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date.

The effect of inflation on the net monetary position of the Company is included in the statement of profit or loss as a monetary adjustment.

The restatement was calculated by means of conversion factors derived from the Zimbabwe Consumer Price Index (CPI) issued by the Zimbabwe Central Statistical Office.

Source of Consumer Price Indices

The consumer price indices ("CPI's") and conversion factors used to restate the accompanying financial statements at 31 December 2022 are as follows:

Dates	Consumer Price Indices	Conversion Factors
CPI as at 31 December 2022	13 672.91	1.0000
CPI as at 31 December 2021	3 977.50	3.4376
CP1 as at 31 December 2020	2 474.51	5,5255

6. COMMITMENTS FOR CAPITAL EXPENDITURE

	2022 Inflation adjusted ZWL '000'	2021 Inflation adjusted ZWL '000'	2022 *Historical ZWL '000'	2021 *Historical ZWL '000'
Commitments for the acquisition of property, plant and equipment	10,427,052	2,420,173	10,427,052	704,030

The commitments relate to proposed capital expenditure approved by the Board of Directors.

7. GOING CONCERN

In preparing the financial statements, the Directors and management are required to make an assessment of the Company's ability to continue as a going concern. At the time of preparing the financial statements, there were no material uncertainties related to events and conditions prevailing within the country's economic environment that could cast significant doubt on its ability to continue as a going concern.

The Directors and management are continuously monitoring and evaluating the Company's operating landscape to re-assess and appropriately adapt its strategies around the current economic environment. This is to ensure the continued operation of the Company into the foreseeable future. Such strategies include taking advantage of government policies and initiatives intended to support the continued operation of the Company., and continuously engaging other related parties to ensure inter Company obligations are managed and settled in a manner that does not negatively impact operations.

The Directors have concluded that the Company's various responses are adequate, and that there are no uncertainties which can hinder the ability of the Company to continue operating as a going concern.

8. RESTATEMENT

The Company recomputed its deferred taxation and corrected its quarry rehabilitation provision which affected its 2021 financials.

Nature of the errors

The Company has made corrections on the following items:

(a) Deferred taxation

In 2021 the Company made an error in the calculation of deferred tax on the exchange gains and losses thereby resulting in an understatement of profit. The Company also made an error on calculation of deferred tax of revaluation gain by charging 24.72% on land. However, this has been corrected in 2022 resulting in the restatement of 2021 figures.

(b) Quarry rehabilitation provision

In 2021 the Company had understated its quarry rehabilitation provision and this resulted in overstatement of profit. Also, the Company did not show the effects of inflation on the quarry rehabilitation note. This has been corrected in 2022.

(c) Cash flow presentation

In the year 2021 the Company included the effects of inflation on cash balances in the effects of inflation on cashflow and also the effects of movements in exchange rates was included in the impact of exchange losses. This has been corrected in the current year and restatements has been done.

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LAFARGE

Directors: K. C. Katsande (Chairman); M. A. Masunda; S. M. Mutangadura; S. N. Chitehwe; T. N. H. Kapumha; I. Chikwata (Chief Executive Officer) W. Dzuda (Chief Financial Officer)