

# SENS ANNOUNCEMENT

(the "Announcement")

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## ISSUER

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### **ZAFFICO PLC.**

Incorporated in the Republic of Zambia

Company registration number :

119820011972

Share Code: ZFCO

ISIN: ZM0000000 524

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## BROKER

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Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission Zambia

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## AUTHORISATION

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Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange
- The Securities and Exchange Commission Zambia
- ZAFFICO PLC.

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## DISCLAIMER AND RISK WARNING

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The announcement contained herein contains information that may be of a price sensitive nature. Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUED ON: 29 April 2025**



**ZAMBIA FORESTRY AND FOREST INDUSTRIES CORPORATION PLC**

**(Incorporated in the Republic of Zambia)**

**(Registration number: 119820011972) Share code:**

**ZFCO**

**ISIN: ZM0000000524**

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**FURTHER CAUTIONARY ANNOUNCEMENT**

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In line with sound governance practices and in adherence to the Listings Requirements of the Lusaka Securities Exchange (“LuSE”), Shareholders are referred to the Further Cautionary Announcement issued on 14 March, 2025 wherein the Board of Directors of Zambia Forestry and Forest Industries Corporation Plc (“ZAFFICO” or the “Company”) informed the Shareholders of the Company that there were developments relating to the Company, the full impact of which are still being determined. These developments have the potential to significantly influence the market price of the Company’s securities.

**BACKGROUND**

Shortly after the listing of ZAFFICO on the LuSE, the Board of Directors approved the 2020 – 2024 Strategic plan. The finances raised during the Initial Public Offering were deployed primarily towards the forest expansion programme. This saw the establishment of a total of 1,150 ha of new plantations in Luapula, Muchinga, Northern and North-Western provinces and the replanting of 2,346 ha of clear-felled harvested areas on the Copperbelt.

This notwithstanding, past national wood consumption trends indicate a gradual increase in demand for various wood products such as sawn timber, particle boards and plywood among others. The rise in demand for various wood products has been largely attributed to the change in demographic, social and economic dynamics over time. In 2022, ZAFFICO supplied a total of 276,000m<sup>3</sup> of Roundwood consisting of Eucalyptus and Pine against an estimated demand for 800,000m<sup>3</sup> representing a deficit of 561,000m<sup>3</sup>. In 2023 and 2024, ZAFFICO supplied a total of 267,000m<sup>3</sup> and 150,000m<sup>3</sup>, respectively. The wood supply deficit could largely be attributed to depleting natural forests, inadequate plantation establishment, and development proportionate to the rising national wood demand.

In order to meet the growing demand for timber and other timber products which cannot be sustained by the current plantations, ZAFFICO intends on scaling up the exotic forest plantation expansion project through:

1. Planting of 5,000 ha per annum of pine and eucalyptus and implement value addition projects necessary to achieve operational efficiency, enhanced financial profitability and sustainability; and

2. Restoring a minimum of 15,000 ha of degraded natural forest areas in Muchinga province mostly around Nakonde in order to recover essential forest functions that have been lost through deforestation.

Against the above background, ZAFFICO intends on undertaking a Rights Issue in order to raise funds meant to facilitate and support their expansion program and value addition in order to generate commercial returns, whilst creating efficiencies within the operations.

## **RESULTS OF THE GENERAL MEETING**

At the Annual General Meeting (“AGM”) virtually held on 18<sup>th</sup> April 2024, shareholders of ZAFFICO (“Shareholders”) considered and passed the resolutions proposed at the AGM as set out below:

- a. The alteration of the Share Capital by increasing the Company’s Share Capital from the current 400,000,000 to 1,030,039,526, ordinary shares at a par value of ZMW 0.25 each and to effect any such changes with the Registrar of Companies at the Patents and Companies Registration Agency (“PACRA”).
- b. The registration of the new 630,039,526 ordinary shares with the Securities and Exchange Commission (“SEC”).
- c. The listing of the newly registered 430,039,526 ordinary shares on the Lusaka Securities Exchange (“LuSE”).
- d. The issuance and allotment of up to 430,039,526 new ordinary shares under a renounceable Rights Issue (the “Rights Offer”) in favour of the existing Shareholders (the “Rights Issue Shares”) in proportion to the sum of the nominal values of the shares already held by the existing Shareholders.
- e. The proposed waiver for no objection to the SEC granting a waiver to the Underwriter from making a mandatory offer, in the event of the Underwriter or its nominee acquiring 35 percent or more of the voting rights of the Company.

## **CURRENT STATUS**

Following the successful passing of the above-mentioned resolutions, the company is currently in discussions with potential underwriters of the Rights Issue to be undertaken by the Company.

The Company will continue to issue further announcements in this regard as soon as there are further updates in this matter which may have a material effect on the price of the Company’s securities.

Accordingly, shareholders are advised to exercise caution when dealing in the Company’s Securities and should seek the professional advice of a broker or investment advisory for guidance.

**By order of the Board**

**Mulawo Mwaba**  
**Company Secretary**



**Lusaka, Zambia – 29 April, 2025**

Sponsoring Broker

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*(Regulated by the Securities and Exchange Commission)*

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