

SENS ANNOUNCEMENT

(the "Announcement")

ISSUER



ZAFFICO PLC.

Incorporated in the Republic of Zambia

Company registration number:

119820011972

Share Code: ZFCO

ISIN: ZM00000000 524

BROKER



Pangaea
Securities

Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission

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AUTHORISATION

Approval for this Announcement has been granted by:

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

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ISSUED ON: 1 September 2025



ZAMBIA FORESTRY AND FOREST INDUSTRIES CORPORATION PLC

(Incorporated in the Republic of Zambia)

(Registration number: 119820011972)

Share code: ZFCO

ISIN: ZM0000000524

("ZAFFICO" or the "Company")

**ABRIDGED UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF YEAR ENDED 30 JUNE 2025**

	2025	2024
	ZMW'000	ZMW'000
Revenue	203,133	118,670
Cost of sales	(70,265)	(47,119)
Gross Profit	132,868	71,551
Other income	49,894	1,409
Change in the fair value of biological assets	273,038	503,088
Administrative expenses	(160,419)	(152,943)
Net finance (cost)/income	(3,744)	(3,498)
Profit before income taxes	291,636	419,607
Income tax expense	(29,164)	(41,961)
Profit for the year	262,473	377,646
Number of shares during the period ('000)	400,000	400,000

Basic earnings per share (ZMW)	0.66	0.94
Assets Employed		
Biological assets	8,235,485	7,614,528
Property and equipment, Intangible & other non-current assets	476,526	355,242
Current assets	409,184	174,392
Total assets	9,121,194	8,144,162
Equity and Liabilities		
Shareholders' funds	7,747,544	7,236,594
Non-current liabilities	1,244,015	805,046
Current liabilities	129,635	102,521
Total Equity and Liabilities	9,121,194	8,144,161

ABRIDGED UNAUDITED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025	2025	2024
	ZMW'000	ZMW '000
Net cash generated from operating activities	289,958	(41,506)
Net cash used in investing activities	(86,803)	(16,603)
Net cash generated from / (used in) financing activities	(1,217)	(2,648)
Increase/(Decrease) in cash and cash equivalents	201,939	(60,757)
Cash and Cash Equivalents at start of year	31,804	73,337
Cash and Cash Equivalents as at 30 June 2025	233,743	12,580

**ABRIDGED UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2025**

	Share Capital	Share Premium	Revaluation Reserves	Retained Earnings	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW '000
Balance at the beginning of the year	100,000	126,694	166,589	7,091,787	7,485,071
Profit for the year	-	-	-	262,473	262,473
Revaluation of Property, Plant and Equipment (PPE)	-	-	-	-	-
Amortization of revaluation reserve	-	-	(1,676)	1,676	-
Movement on deferred tax liability	-	-	-	-	-
Balance as at 30 June 2025	100,000	126,694	164,913	7,355,936	7,747,544

PERFORMANCE COMMENTARY FOR THE HALF YEAR ENDED 30 JUNE 2025

Financial results highlights

For the half-year ended 30th June 2025, the Corporation reported a profit after tax of ZMW 262 million, compared to ZMW 378 million for the same period in 2024. This decrease in profit was largely attributable to a smaller gain in the fair value of biological assets as compared to last year. Total sales for the period amounted to ZMW 203 million, representing an increase of 71% from ZMW 119 million in the same period of last year. The increase was due to sales generated from increased pine round wood thinning activities in the period under review compared to the same period last year.

Total operating expenses for the period amounted to ZMW 160 million, compared to ZMW 153 million in the same period of 2024. The increase in expenses were mainly due to inflationary adjustments. This period's expenditure was primarily driven by ongoing plantation management activities and to support the Corporations value addition programs in 2025.

As of June 30, 2025, total assets increased to ZMW 9,121 million, up from ZMW 8,526 million as at 31st December 2024 and ZMW 8,144 as at 30 June 2024. This growth in assets was primarily due to the fair value appreciation of biological assets, and acquisition of additional assets to support the value addition program.

There was an increase in shareholders' funds to ZMW 7,747 million as of June 30, 2025, from ZMW 7,485 million as at December 2024 and ZMW 7,236 as at 30 June 2024. This was primarily driven by gains from asset valuations and the profit generated during the period under review.

The Corporation primarily utilized its cash flows for plantation management activities and obtained ringfenced funding of ZMW 200 million for the purpose of value addition factory resulting in a closing cash balance of ZMW 233 million for the period under review, compared to ZMW 13 million in the same period of 2024.

Outlook

The Corporation is poised to meet its revenue targets for the second half of the year, with significant improvements expected due to increased revenue from sawn timber using the yet to be commissioned Sawmill plant. Further the signing of the contract with the main customer of treated poles will increase sales in the second half of the year. The Corporation has enhanced its value-addition efforts, attaining 75% completion of the sawmill and earmarked for commissioning in the second half of the year.

To further streamline operations, the Corporation will continue to implement cost optimization measures, and leverage technology aimed at boosting productivity and morale. The Corporation's strategic approach emphasizes leveraging innovation and technology to drive growth while ensuring environmental sustainability and community development. Committed to excellence, ZAFFICO aims to enhance value addition, expand plantations, optimize mechanization, embrace digitalization, and implement automation to maintain its competitive edge in the Forestry Industry.

By order of the Board

Mulawo Mwaba
Company Secretary

Sponsoring Broker



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First Issued: 1 September 2025