

SENS ANNOUNCEMENT

(the "Announcement")

ISSUER



ZAFFICO PLC.

Incorporated in the Republic of Zambia

Company registration number:

119820011972

Share Code: ZFCO

ISIN: ZM0000000524

BROKER



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.

DISCLAIMER AND RISK WARNING

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: 8 October 2025



ZAMBIA FORESTRY AND FOREST INDUSTRIES CORPORATION PLC
("ZAFFICO" or the "Company")
(Incorporated in the Republic of Zambia)
(Registration number: 119820011972) Share code:
ZFCO
ISIN: ZM0000000524

TRANSACTION ANNOUNCEMENT

Following the Cautionary Announcement dated 25 July 2025, advising that Zambia Forestry and Forest Industries Corporation Plc ("ZAFFICO" or the "Company") had commenced negotiations to finance a range of strategic initiatives, the Board of Directors (the "Board") wishes to provide an update on the progress made thus far.

The Board has concluded two agreements with Workers Compensation Fund Control Board ("WCFCB"): (I) a debt facility to finance the acquisition of value-addition equipment, and (II) a plantation purchase agreement to support the expansion of ZAFFICO's plantation portfolio.

Details on Workers Compensation Fund Control Board

The Workers' Compensation Fund Control Board is a statutory body established under the Workers' Compensation Act to administer and manage the national compensation fund for workers injured or incapacitated in the course of employment. In addition to its social security mandate, WCFCB invests surplus contributions into strategic and financially sustainable instruments, including corporate loans. Its investment policy prioritizes projects that align with national development priorities, create employment opportunities, and guarantee secure returns to strengthen the compensation fund.

Relationship with ZAFFICO

Workers Compensation Fund Control Board is a shareholder in the Company, holding 7%.

Below are summaries of the details of the Agreements:

I. Debt Facility Overview:

| Aspect | Details |
|------------------------------------|--|
| Tentative Effective Date | 3 November, 2025 |
| Amount | USD4,500,000 |
| Disbursement | <p>To be disbursed in three tranches:</p> <ul style="list-style-type: none"> · USD 500,000 within 30 days of effectiveness; · USD 500,000 before 31 Dec 2025; · USD 3,500,000 by 31 March 2026. <p>All disbursements and repayments will be made in Zambian Kwacha at the Bank of Zambia mid-rate on the disbursement date.</p> |
| Conditions Precedent | Proof of registration of the floating charge on the charged assets with the relevant authority. |
| Interest | 15% per annum, simple interest. |
| Moratorium | Nine (9) months from the date of each disbursement before commencing quarterly interest payments. Interest will accrue during moratorium but is payable only after it ends, in 60 equal monthly instalments. |
| Tenure | 10 Years |
| Repayment | <ul style="list-style-type: none"> · Principal repaid as a bullet payment at maturity. · Additional bullet fee of ZMW 25,000,000 payable at maturity which will be pro-rated if the loan is not fully disbursed. · Prepayment permitted with 30 days' notice, with accrued interest payable up to prepayment date. |
| Use of Proceeds | Funding value addition initiatives which include the establishment of a particle board plant, sawmill, and related operational needs. |
| Security | Floating charge over biological assets at the Lamba Plantation |
| Conversion Rights | <ul style="list-style-type: none"> · Lender may convert all/part of outstanding loan (including accrued interest) into fully paid ordinary shares via a rights issue, applying the loan in lieu of cash subscription. · Conversion price will be equal to the subscription price offered to other shareholders. · The converted shares to rank Pari passu with existing shares. |
| Conditions Precedent to Conversion | All requisite approvals from the Board, Shareholders and Regulators must be obtained prior to conversion. |
| Events of Default | <ul style="list-style-type: none"> · Non-payment within 14 business days of due date. · Insolvency or bankruptcy. · Material breach of agreement not remedied within 14 days of notice. · On default, WCFCB may enforce rights including crystallisation of floating charge. |

II. Plantation Purchase Agreement

| Aspect | Details |
|----------------------|--|
| Property | Kawambwa Exotic Forest Plantation, Luena Farming Block – Kawambwa District, comprising Farm F/KAWAM/4024945, Stand Nos. KAWAM/LN_100327/1 and KAWAM/LN_100327/2, Includes infrastructure, improvements, and biological assets (Pine & Eucalyptus plantations). |
| Purchase Price | ZMW 10,245,400 Payable in full on execution of the agreement. |
| Conditions Precedent | <ul style="list-style-type: none"> · Board approvals by both Parties. · Completion of land and legal due diligence which includes title verification, property inspection, biological asset assessment, and compliance confirmation. |
| Completion | <ul style="list-style-type: none"> · Within 14 Business Days of receipt of Property Transfer Tax Clearance by the WCFCB. · WCFCB is responsible for property transfer tax and statutory fees accrued before purchase. |
| Vacant Possession | Delivered to Purchaser upon exchange of executed contracts and receipt of full payment. Risk and responsibility pass to Purchaser from completion. |
| Warranties | WCFCB warrants clear and marketable title, compliance with forestry/land/environmental laws, no encumbrances, no pending claims, and no material adverse changes since 2023 due diligence. |

Categorization of the Transactions

The Lamba Plantation, pledged as security for the USD 4,500,000 facility, is valued at ZMW 288,613,365.00. When combined with the purchase of the Kawambwa Plantation, the total consideration for both transactions amounts to ZMW 298,858,765.00. As at 7 October 2025, the Company's market capitalisation was ZMW 1,376,000,000.00. Accordingly, at 22%, the two transactions collectively constitute a Category 2 transaction in accordance with the categorisation methodology set out in Section 9 of the Lusaka Securities Exchange Listing Requirements.

Pro Forma Effects of the Transactions

| Aspect | 2025 - Base | 2025 - Pro Forma | 2026 | 2027 |
|---------------|-------------|------------------|-------|-------|
| EPS | -0.14 | 0.22 | 0.25 | 0.29 |
| NAV per share | 19.26 | 19.26 | 19.76 | 20.27 |

Management is certain that these transactions will address the operational and strategic challenges that have limited the potential of the Company in the past. Management is certain that these transactions are in line with the Company's new strategy built on Plantation Expansion, Value Addition and Operational Efficiency aimed to restore financial stability and transform the Company into a vertically integrated enterprise.

Note:

Shareholders and the rest of the investing community are advised to continue exercising caution when dealing in the Company's Securities as further announcements regarding negotiations to finance the Company's strategic agenda will be made.

By order of the Board

Mulawo Mwaba
Company Secretary



Lusaka, Zambia – 8 October 2025
Sponsoring Broker

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