



**ZAMBIA FORESTRY AND FOREST INDUSTRIES CORPORATION PLC**

(Incorporated in the Republic of Zambia)

(Registration number: 119820011972)

**Share code: ZFCO**

**ISIN: ZM0000000524**

**ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2024**

	<b>2024</b>	<b>2023</b>
	<b>K'000</b>	<b>K'000</b>
<b>Revenue</b>	332,109	423,546
Cost of sales	(129,125)	(135,655)
<b>Gross Profit</b>	<b>202,985</b>	<b>287,891</b>
Other income	9,949	3,418
Change in the fair value of biological assets	1,005,263	1,402,514
Administrative expenses	(389,995)	(411,354)
Recoveries	2,240	1,154
Net finance (cost)/income	(6,657)	(3,797)
<b>Profit before income taxes</b>	<b>823,785</b>	<b>1,279,826</b>
Income tax expense	(85,179)	(131,720)
<b>Profit for the year</b>	<b>738,606</b>	<b>1,148,106</b>
<b>Other comprehensive income</b>	<b>627</b>	<b>156,091</b>
Re-measurement of defined benefit liability & Revaluation		
Surplus on Land & buildings		
<b>Total comprehensive income</b>	<b>738,233</b>	<b>1,304,197</b>
<b>Number of shares during the period ('000)</b>	<b>400,000</b>	<b>400,000</b>
<b>Basic earnings per share (ZMW)</b>	<b>1.85</b>	<b>2.85</b>

**ABRIDGED STATEMENT OF FINANCIAL POSITION**

<b>AS AT</b>	<b>31/12/2024</b>	<b>31/12/2023</b>
	<b>K'000</b>	<b>K'000</b>
<b>Assets Employed</b>		
Biological assets	7,955,699	7,023,057
Property and equipment, Intangible & other non-current assets	406,341	344,313
Current assets	164,417	213,491
<b>Total assets</b>	<b>8,526,457</b>	<b>7,580,861</b>
<b>Equity and Liabilities</b>		
Shareholders' funds	7,485,072	6,746,660
Non-current liabilities	884,093	744,071
Current liabilities	157,292	90,131
<b>Total Equity and Liabilities</b>	<b>8,526,457</b>	<b>7,580,862</b>

**ABRIDGED STATEMENT OF CASH FLOWS**

<b>FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER</b>	<b>2024</b>	<b>2023</b>
	<b>K'000</b>	<b>K'000</b>
Net cash generated from operating activities	10,802	86,204
Net cash used in investing activities	(65,259)	(56,824)
Net cash generated from / (used in) financing activities	22,623	(6,856)
Increase/(Decrease) in cash and cash equivalents	(31,834)	22,524
Effects of movements in exchange rates on cash held	636	-
Cash and cash equivalents at 1 January	63,002	40,478
<b>Cash and cash equivalents at end of year</b>	<b>31,804</b>	<b>63,002</b>

**ABRIDGED STATEMENT OF CHANGES IN EQUITY**

<b>FOR THE YEAR ENDED</b>	<b>2024</b>	<b>2023</b>
	<b>K'000</b>	<b>K'000</b>
Balance at the beginning of the year	6,746,60	5,442,299
Profit for the year	738,606	1,148,106
Remeasurement of employee benefits	517	(12,204)
Deferred tax on employee benefits	51	1,220
Revaluation Surplus	-	168,319
Deferred tax on revaluation surplus	58	(1,245)
Movement on deferred tax liability	(821)	165
<b>Balance at the end of the year</b>	<b>7,485,072</b>	<b>6,746,660</b>

## **REVIEW OF PERFORMANCE FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024**

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The financial statements for the year ended 31st December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2017 of Zambia, as well as the Securities Act, 2016 of Zambia.

### **OPERATING ENVIRONMENT**

In 2024, the Corporation achieved positive performance despite a challenging operating landscape. The year was marked by reduced power generation due to drought conditions, which led to the implementation of load management programs. To mitigate operational disruptions, ZAFFICO strategically invested in renewable energy solutions, including solar power, ensuring business continuity.

Furthermore, global economic uncertainties—including rising energy and food prices—combined with domestic challenges such as increasing inflation, declining liquidity, and rising interest rates, exerted financial pressure on clients. These macroeconomic headwinds strained their cash flows, thereby limiting their capacity to undertake capital projects and subsequently affecting demand for ZAFFICO's products.

Given the evolving business environment, the Corporation maintained a strategic focus on sustainability and long-term value creation. As part of this approach, ZAFFICO made a deliberate decision to reduce pine roundwood harvesting to 50,000m<sup>3</sup>—below its Annual Allowable Cut (AAC)—to preserve forest resources. This initiative not only ensures the long-term viability of timber supply but also strengthens the Corporation's value-addition strategy by securing a stable raw material base for its planned processing activities.

Despite these challenges, ZAFFICO remained steadfast in executing its strategic and operational objectives, with a strong emphasis on resilience and sustainable growth.

### **FINANCIAL PERFORMANCE HIGHLIGHTS**

#### **Revenue and Profitability**

The Corporation recorded a gross profit of ZMW 203 million, down 29% from ZMW 288 million in 2023. The gross profit margin also declined from 68% in the prior year to 61% in 2024, primarily due to increased production costs driven by the depreciation of the Kwacha against major currencies.

Net profit for 2024 stood at ZMW 738 million, reflecting a 36% decline from ZMW 1,148 million in 2023. The decline was largely attributed to a stabilization in the valuation of biological assets, which had previously contributed significant gains. Despite the reduction, the Corporation remains committed to generating sustainable returns for shareholders.

Revenue from the sale of roundwood and treated poles totalled ZMW 332 million, a 22% decrease from ZMW 423 million in 2023. This decline was mainly due to lower-than-anticipated sales of transmission poles.

### **Operating Expenditure and Asset Growth**

Operating expenditure for the year amounted to ZMW 389 million, a 5% reduction from ZMW 411 million in 2023. This decrease was primarily driven by prudent financial management measures aimed at aligning expenditure with revenue generation.

Total non-current assets grew by 14%, reaching ZMW 8,362 million as of 31st December 2024, compared to ZMW 7,367 million in 2023. This growth was attributed to an increase in the value of biological assets and the acquisition and capitalization of key value-addition equipment, including kilns, creosote treatment line, and supporting infrastructure.

Shareholders' funds increased to ZMW 7,485 million, up from ZMW 6,746 million in 2023, largely driven by the revaluation of biological assets and retained profitability.

### **Liquidity and Cash Flow**

The Corporation maintained a strong cash flow position throughout 2024, ensuring financial flexibility to invest in strategic growth opportunities. This resilience underscores the strength of ZAFFICO's business model and its capacity to navigate economic uncertainties effectively.

### **OUTLOOK**

Looking ahead, the Corporation will continue implementing strategic initiatives to drive operational excellence, efficiency, and long-term sustainability, in alignment with the ZAFFICO 2024–2028 Strategic Plan. The 2023 forest inventory results provided a revised baseline for sustainable harvesting, prompting the Corporation to adjust its operational strategies and intensify its focus on business diversification through value-addition initiatives.

Key areas of focus will include plantation expansion, investment in value addition, and enhancing operational efficiencies. This will be achieved through cost optimization measures, the adoption of Information and Communications Technology (ICT) solutions, and modernization of forestry operations through mechanization and automation. Additionally, the Corporation will leverage revenue growth from its value addition initiatives to drive profitability.

ZAFFICO remains steadfast in its commitment to leveraging emerging growth opportunities across key sectors, including construction, energy, and export markets. These industries are poised for expansion, and the Corporation is strategically positioning itself to maximize value creation in these areas. A strong emphasis will also be placed on talent development and expertise enhancement to ensure the successful execution of ZAFFICO's vision.

## Dividend

The Board of Directors has resolved not to declare a dividend for the financial year ended 31st December 2024. This decision aligns with the Corporation's strategic priorities, ensuring that retained earnings are reinvested into planned growth initiatives to enhance long-term sustainability and shareholder value creation.



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