



Root
Capital



Performance Report

Q1 2025

Coffee cooperatives in the Democratic Republic of Congo are showing incredible resilience, continuing to operate in the midst of a violent regional conflict. Learn more in this report about how we're supporting these clients with critical financing.



About Root Capital

Root Capital is an impact investor that provides financing and business training to agricultural enterprises in Africa, Asia, and Latin America. Since 1999, we have loaned over \$2 billion to more than 800 businesses that are too big for microloans but too small for commercial lenders, and have trained more than twice as many businesses. As these enterprises succeed and scale, they become engines of impact for local communities, raising incomes, creating jobs, expanding opportunities for women and young people, preserving nature, and building rural prosperity.

Overview

Root Capital entered 2025 with strong momentum across our lending portfolio as we were able to meet clients' increased and accelerated demand for working capital, driven by soaring global coffee and cocoa prices. Our resilient, adaptable clients leveraged Root Capital financing to continue connecting smallholder farmers to premium markets and building their own capacity. Tempering the increased demand for lending was a reduction in grant revenue resulting from the termination of certain government grants.

Impact

Root Capital financed 138 agricultural enterprises in Q1 2025, reaching over 290,500 smallholder farmers. These businesses in turn generated \$713 million in income for farmers and their families, a 30% increase from the same time last year. Of these businesses, 62% were Climate Action Leaders, organizations that make substantial contributions to climate change mitigation and/or adaptation, and 61% met our criteria for significant involvement of women farmers, employees, and/or leaders. Many of our clients prioritize both climate resilience and women's economic empowerment, with 41% meeting both criteria.

Additionally, Root Capital trained leaders and employees from 128 businesses, equipping them with skills to enhance financial management, provide agronomic support to farmers, and otherwise build resilience in their businesses and their communities. In Q1 2025, Root Capital loans enabled 92% of clients to meet financing gaps otherwise unaddressed by commercial markets. The remaining 8% supplemented capital offerings on local markets.

Portfolio Performance

In Q1 2025, Root Capital disbursed \$55.4 million in loans to agricultural businesses across our portfolio, an increase of 63% compared to Q1 2024. This growth was driven by continued demand from clients who wanted to take advantage of the record higher price for coffee, cocoa and macadamia. Arabica coffee prices exceeding \$4 per pound—an all-time high—created near-term financing needs that Root Capital was well positioned to meet.

Lending was especially active in Central America and Mexico, as the regional harvests continued, with \$36.5 million of disbursements—up 67% from the same quarter last year. Disbursements in Nicaragua totaled \$12.2 million—up 71%. Disbursements in Indonesia also increased meaningfully, reaching \$3.8 million—a 145% increase year-over-year—following the reinstatement of certifications and a more favorable operating environment for our clients.

In Africa, increased prices for coffee, cocoa, and macadamia led to a greater demand for Root Capital

financing from clients. As a result, disbursements increased \$3.0 million or 34% compared to Q1 2024. Kenya disbursements increased \$1.7 million or 100%. Disbursements in the Democratic Republic of Congo reached \$4 million—up from \$1.4 million in Q1 2024—driven primarily by cocoa clients. The midst of a continued violent regional conflict, we are proud to continue supporting clients in the region who have continued need for lending capital, enabling them to maintain operations and have been able to bring their crops to market.

Portfolio Quality

Root Capital's portfolio quality remained stable in Q1. At the close of the quarter, our Portfolio-at-Risk (PAR) greater than 90 days stood at \$3.2 million (5.3%), compared to \$2.3 million (7.6%) at the end of Q4 2024.

Of the loans in PAR, \$2.2 million are backed by guarantees. These guarantees reduce Root Capital's risk exposure and enable us to continue to expand our lending in challenging, high-impact markets.

Over the last 12 months, we wrote off \$7.0 million of past-due loans and recovered \$5.3 million related to these loans and prior quarters' write-offs, resulting in a 3.6% 12-month net write-off ratio.

Advisory Services

Root Capital's advisory activities were reduced in Q1 2025 compared to the same period last year, reflecting a constrained funding environment including unplanned termination of two government grants. The majority of our advisory services are grant funded and because of this, we concentrated efforts on high-impact services that directly support core business development, market access, and climate finance readiness.

Advisory engagements in Latin America focused on strengthening clients' internal credit systems to enable future access to climate loans financing producer investments in resilient farming practices. Such investments allow clients to take on the initial investment with Root Capital and catalyze change

by extending its reach to the farm-level. For instance, farmers may repay the cooperative for a drip-water irrigation system in accessible installments repaid through an internal credit mechanism against the sold coffee. Internal credit offers farmers critical financing that can improve overall quality of their product and help them obtain better incomes in the long run.

In Peru, our Advisory team also helped clients implement climate adaptation plans and prepare for the EU Deforestation Regulations that go into effect later this year. Additional work is underway to build virtual training modules, expanding access to advisory support in our MAC regions. Initially prompted by limited travel/security concerns in Mexico, virtual advisory leverages an opportunity to provide clients with flexible, on-demand training for punctual issues (ie. supporting compliance with FairTrade certification) in a cost-effective manner.

In Indonesia, Root Capital provided business training and entrepreneurship support to women-led enterprises to support income diversification beyond coffee and resilience in the face of climate and market challenges. These efforts remain closely linked to our broader lending strategy and long-term client development goals.

Financial Results

Root Capital maintained a strong financial position through the first quarter of 2025 with \$50 million of net assets, \$38 million in cash and investments, and a conservative debt-to-equity ratio of 1.4x. Our lending portfolio grew to \$59 million, a 28% increase year-over-year, supported by a 34% rise in investor notes, totaling \$56 million.

Unrestricted net assets declined to \$41 million, reflecting deployment of pre-raised grant capital and a reduction resulting from the termination of two USAID grants. Lending revenue increased 30% over the prior year aligning with the portfolio growth. Provisioning expenses increased due to unforeseen challenges including regional conflicts in Africa.

Conclusion

Root Capital entered 2025 with a healthy balance sheet, active investor support, and strong lending momentum. Our disbursements grew in response to client demand as a result in the record high coffee and cocoa prices. At the same time, we maintained sound credit quality and began deploying targeted advisory services to strengthen long-term client resilience.

While external challenges remain—including volatility in government funding, commodity markets, and political environments—Root Capital’s proactive financial management and focus on operational efficiency uniquely position us to navigate these complexities. As we look ahead to Q2 and beyond, we remain committed to connecting capital and capacity to enterprises that are building more resilient and inclusive rural economies.



Marceline, a member of our Women’s Council, continues to support her cooperative even from exile.

Client Story: Rebuild Women’s Hope Cooperative *DRC*

In eastern Democratic Republic of Congo, where ongoing conflict has displaced communities and driven many institutions to withdraw, Root Capital continues to stand with clients navigating some of the world’s most challenging operating environments. One such client is **Rebuild Women’s Hope Cooperative**, led by Marceline—a courageous entrepreneur and long-time Root Capital partner.

Despite being forced into exile due to rebels occupying her city, Marceline has remained at the helm of the cooperative, making the impossible possible. She has sustained operations and advocated for her members and employees, who the vast majority are women, in national and international forums. In Q1, Root Capital provided Women’s Hope with a loan of \$800,000, helping the organization maintain vital economic activity at a time when no other financing options were available. With banks closed, they rely on mobile money to pay farmers.

The cooperative continues to export coffee cherries bought from 3,056 women small farmers, who collectively cultivate 1,720 hectares of land. Remarkably, less than one hectare per farmer provides income, hope, community, and unity in times of crisis. Against all odds, Women’s Hope is thriving. The cooperative has secured several buyers despite ongoing insecurity, and they are even ready to comply with the new EU Deforestation Regulations that go into effect later this year.

Marceline was recently joined by Root Capital at the 2025 Specialty Coffee Association Expo in Houston, where she shared her story and the ongoing challenges facing women leaders in conflict zones. Her work exemplifies the strength and resilience we see in many of our clients—and our commitment to standing with them, even when circumstances are complex and risks are high.

Impact Dashboard

IMPACT RESULTS THROUGH Q1		
2025	2024	
187	304	Total Businesses Reached
Advisory Program		
128	265	Businesses Served by Advisory
270	783	Days of Training Delivered
36%	39%	Women Participants
58%	48%	Participants Under the Age of 35
Lending Program		
138	140	Businesses Reached by Lending ¹
61%	64%	Women's Empowerment Businesses ²
62%	59%	Climate Action Leaders ²
290K	311K	Producers Reached
39%	40%	Women Farmers
12K	14.6K	Employees Reached
57%	61%	Women Employees
\$713M	\$549M	Purchases From Farmers
\$806M	\$643M	Total Sales for the Businesses
336K	312K	Sustainable Hectares Under Management
\$55.4M	\$34.1M	Loan Disbursements
\$33.2M	\$25.8M	Disbursements to Women's Empowerment Businesses ²
\$39.7M	\$21.2M	Disbursements to Climate Action Leaders ²

1 "Businesses Reached" includes the total number of clients with an outstanding loan balance at any point in the year-to-date period.

2 A number of our client businesses are Women's Empowerment Leaders and Climate Action Leaders.

See Terms and Acronyms on page 11 for definitions.

Balance Sheet & Statement of Activities

BALANCE SHEET		As of March 31	
Millions of USD	2025	2024	
Cash and Short-Term Investments	37.8	52.6	
Loans Receivable	59.2	46.8	
Allowance for Credit Losses	(2.9)	(2.4)	
Loans Receivable, Net of Allowance	56.3	44.4	
Grants Receivable and Other Assets	16.2	12.8	
Total Assets	110.3	109.8	
Senior Debt	50.1	35.8	
Subordinated Debt	6.3	6.2	
Other Liabilities	3.2	3.3	
Total Liabilities	59.6	45.2	
Net Assets without Donor Restrictions	41.2	49.7	
Net Assets with Donor Restrictions	9.6	14.9	
Total Net Assets	50.7	64.6	
Total Liabilities & Net Assets	110.3	109.8	
Debt-to-Equity Ratio	1.4x	0.8x	
Grant Net Assets*	12.6	24.1	

* Our grant net assets include net assets with restrictions and off-balance-sheet conditional grants.
Reclassifications may have been made in prior periods to conform with the current period's presentation.

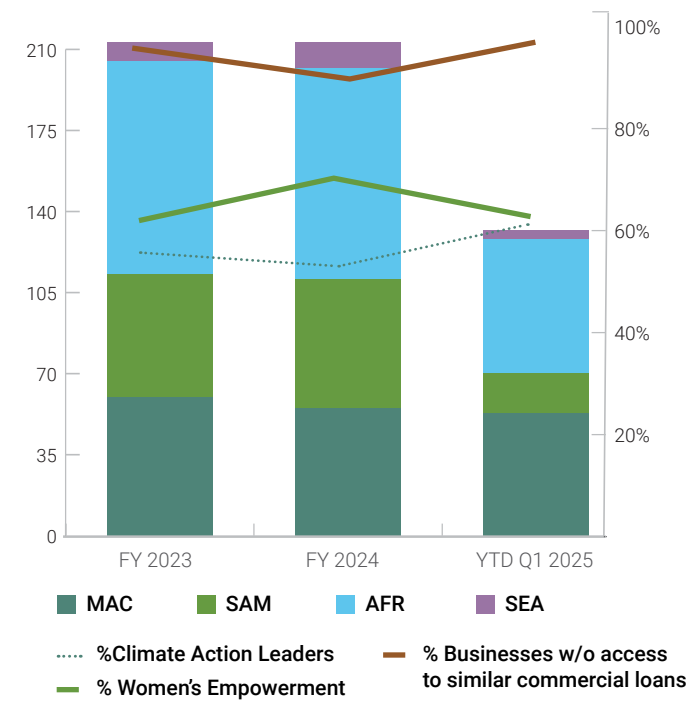
STATEMENT OF ACTIVITIES		As of March 31	
Millions of USD	2025	2024	
Revenue			
Grant and Contribution Revenue	1.1	4.0	
Lending Revenue	1.3	1.0	
Interest and Other Income	.5	.7	
Total Revenue	3.0	5.7	
Expenses			
Operating Expenses	5.2	5.9	
Provisioning Expense	1.4	.8	
Interest Expense	.3	.2	
Total Expenses	6.9	6.9	
Change in Unrestricted Net Assets			
	(3.9)	(1.3)	

Reclassifications may have been made in prior periods to conform with the current period's presentation.

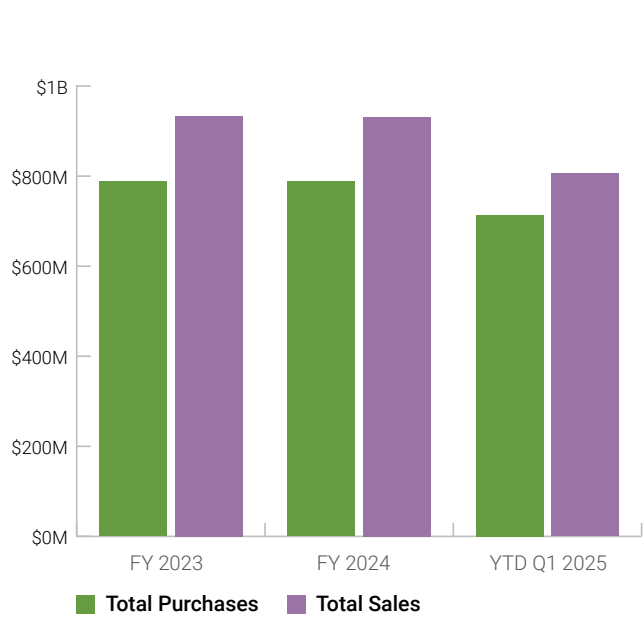
Performance

Lending Impact

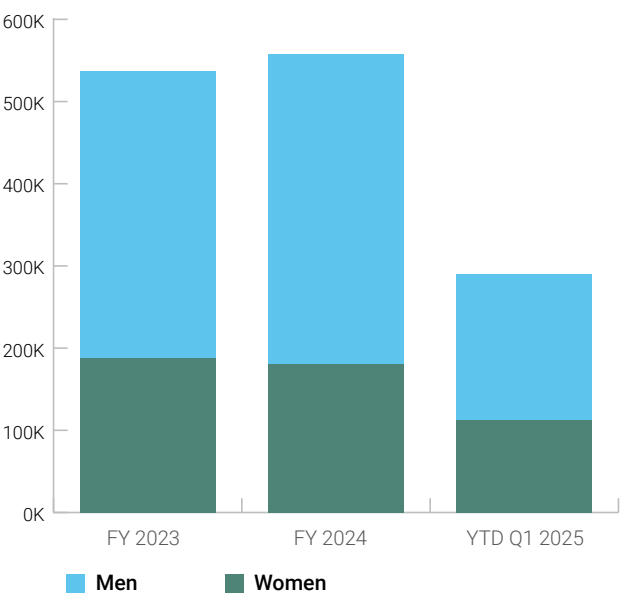
Businesses Reached (Lending Program)



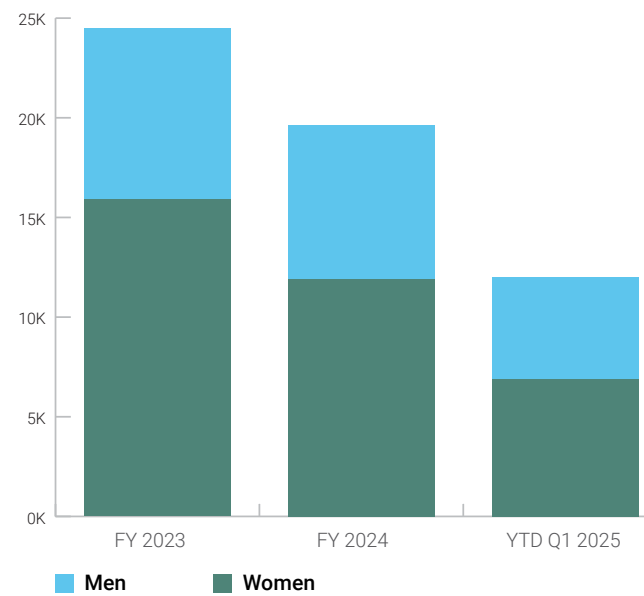
Purchases from Farmers and Client Businesses' Sales



Farmers Supplying Businesses

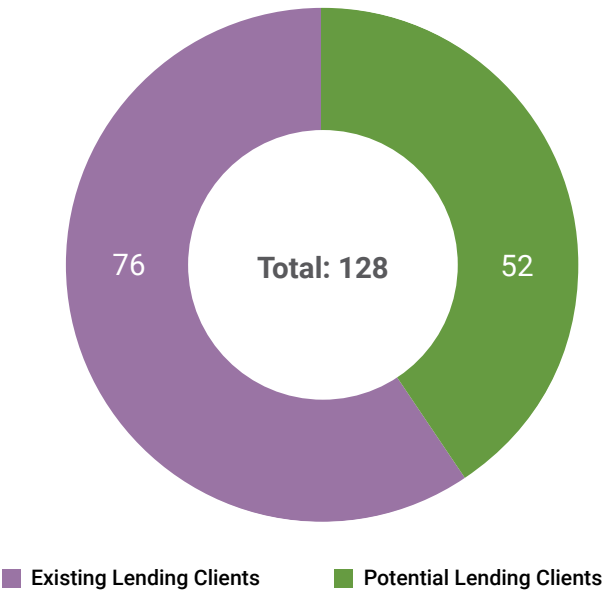


Employees Reached

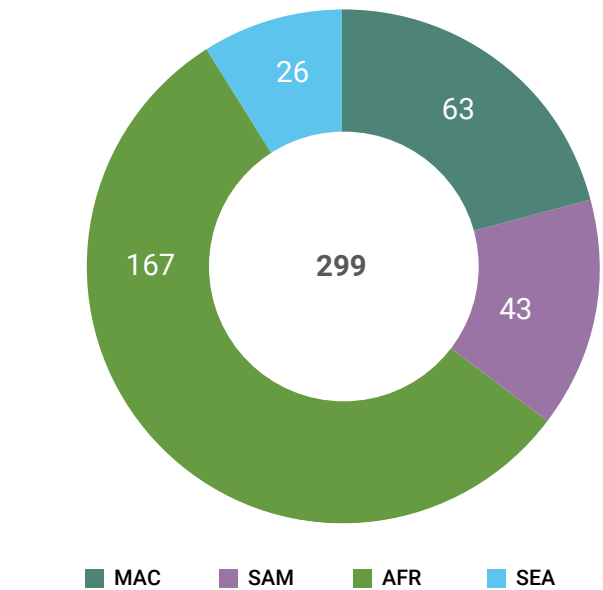


Advisory Impact

Businesses Served by Advisory Through Q1 2025

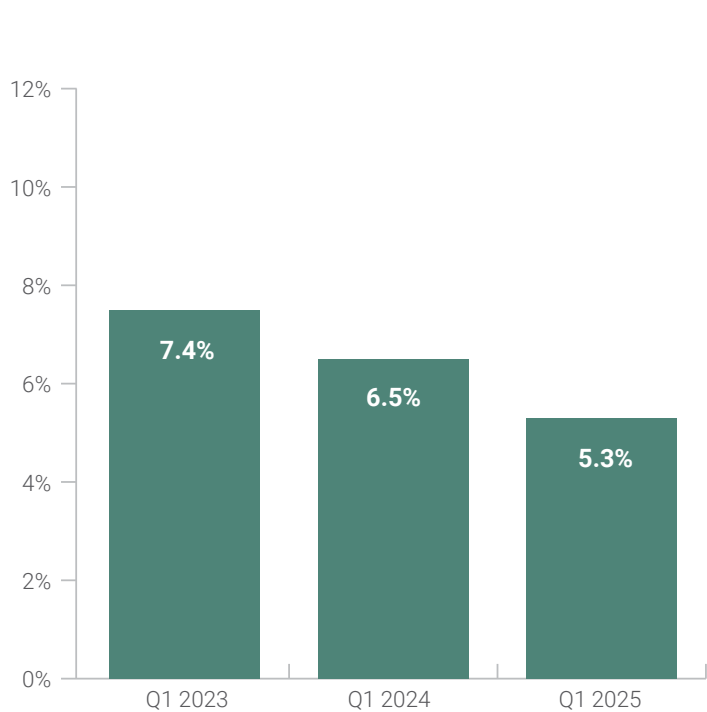


Days of Training Delivered Through Q1 2025

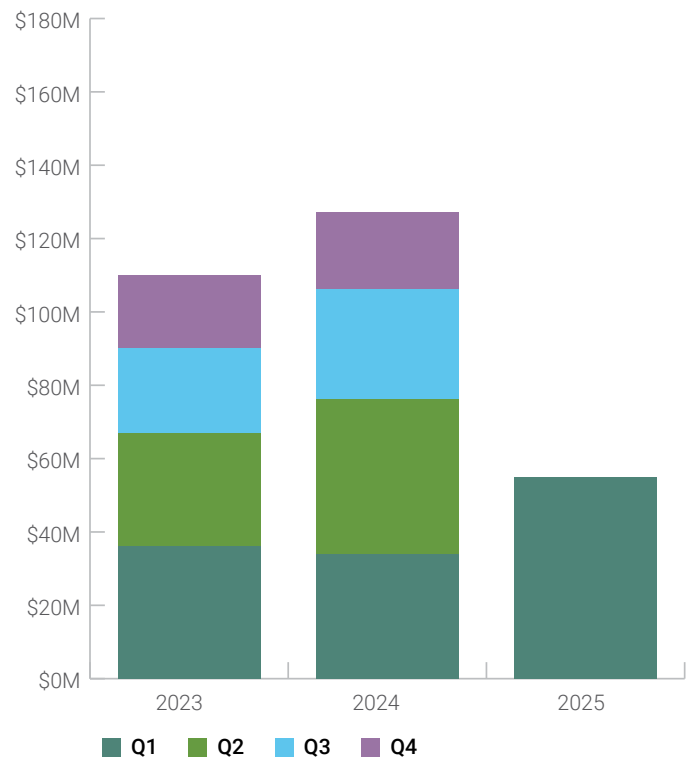


Portfolio Performance

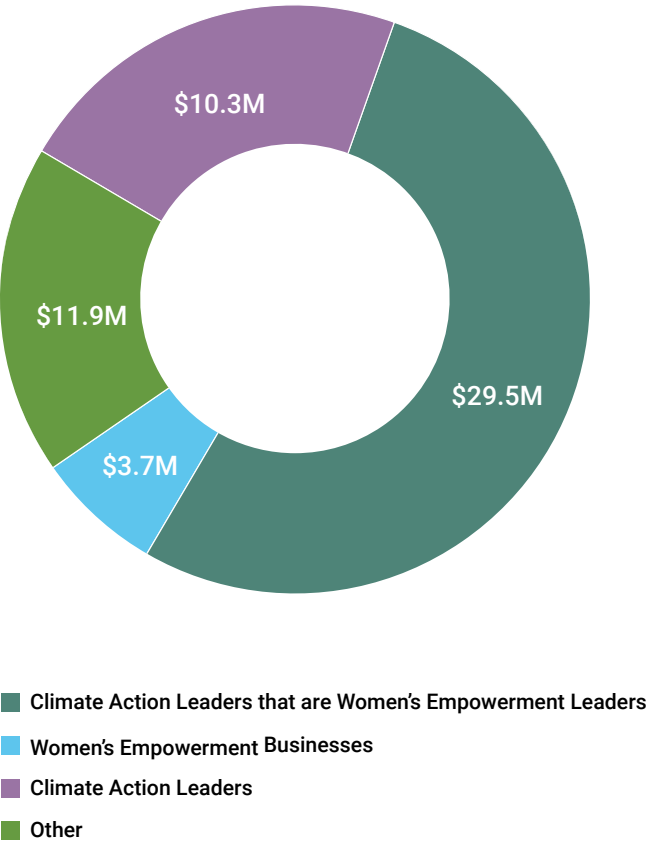
Portfolio at Risk > 90 Days



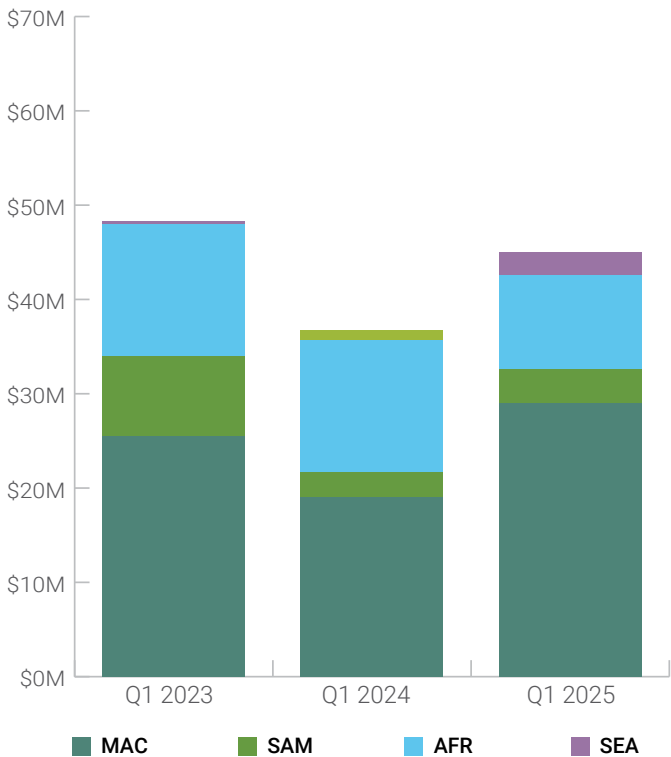
Total Loan Disbursements



Disbursements to Clients by Program Through Q1 2025



Average Balance by Region



Disclosure

This financial data is deemed accurate, but is not audited. Annual audited financial statements can be found on [Root Capital's website](#). Additionally, past performance is not indicative of future results, and no assurances can be given that the Notes will be repaid. For additional information, please go to www.rootcapital.org or email info@rootcapital.org.

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Terms and Acronyms

Businesses Reached: We report businesses reached to capture the number of businesses financed using our capital. Businesses reached are those that had an outstanding loan balance at any point in the reporting period. This is a cumulative metric; businesses are added to the annual total in the quarter in which they are first reached.

Climate Action Leader: An active lending client making substantial contributions to climate change mitigation and/or adaptation by reducing atmospheric greenhouse gas concentrations through natural climate solutions like reforestation and/or reducing climate risk and building adaptive capacity within their communities.

Contribution Revenue: Revenue without donor restrictions generally received from individuals or foundations.

Debt-to-Equity: The ratio of senior and subordinated debt to unrestricted net assets.

Women's Empowerment Businesses: Women make up more than 30% of enterprise farmer suppliers and employees OR the enterprise is women-led and women make up more than 20% of enterprise farmers, suppliers, and employees.

Grant Revenue: Philanthropic donations, generally from foundations or governments, used in the current fiscal year.

Interest Expense: Interest expense incurred on debt.

Interest Income: Interest revenue generated on cash and investments.

Lending Revenue: Revenue generated from our lending activities, comprising fees and interest earned on our lending portfolio.

Net Write-off Ratio: A trailing 12-month figure representing the previous 12 months' write-offs, net of recovered funds, as a percentage of the average outstanding balance during the same period.

Provisioning Expense: Allowance for loan loss expense on our lending portfolio, net of recovered funds and loan portfolio guarantee fees.

Region Acronyms: MAC (Mexico and Central America), SAM (South America), AFR (Africa), SEA (Southeast Asia).