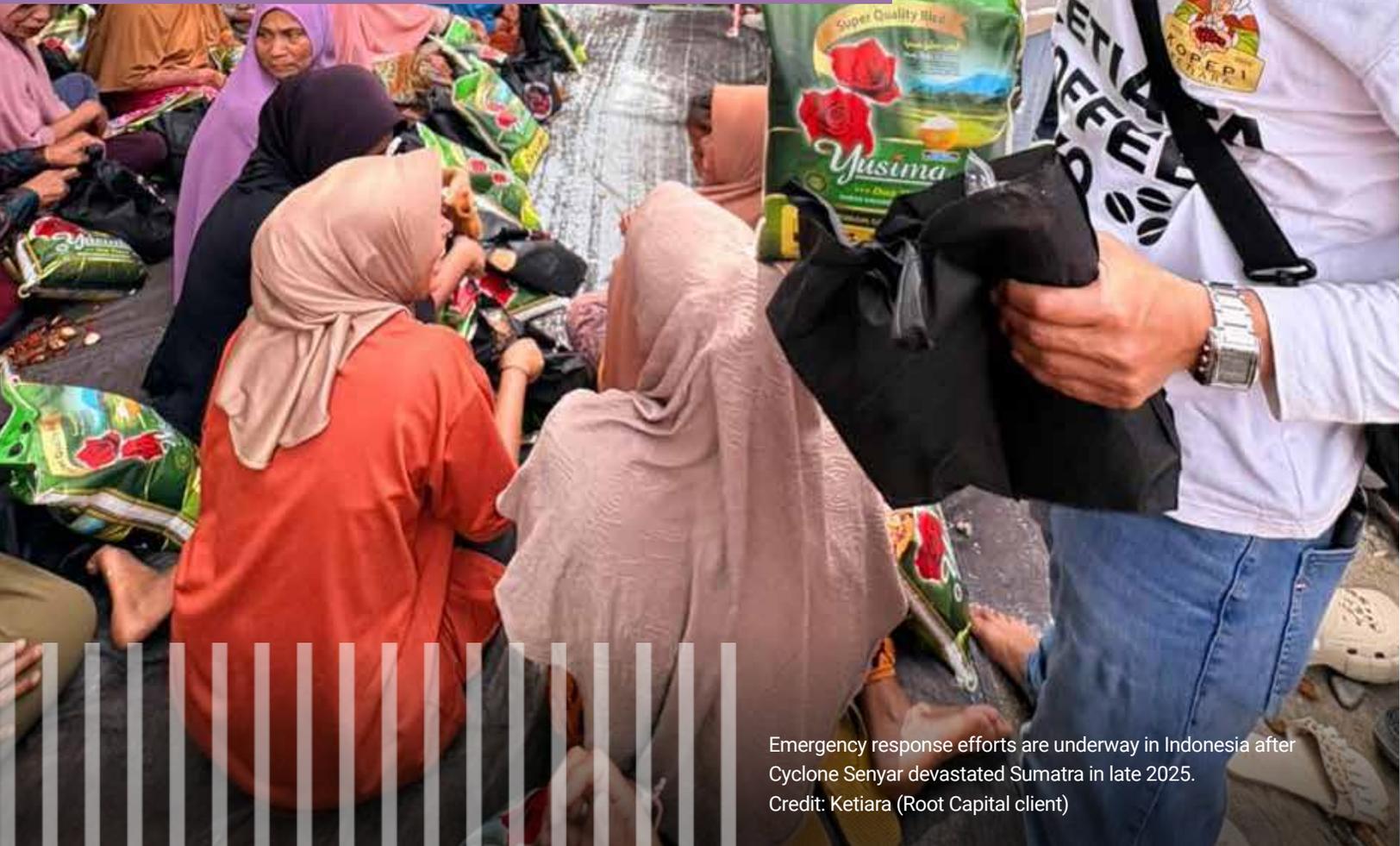


Performance Report

Q4 2025



Emergency response efforts are underway in Indonesia after Cyclone Senyara devastated Sumatra in late 2025.
Credit: Ketiara (Root Capital client)



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 businesses 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

In 2025, Root Capital provided vital access to capital and advisory services to agricultural enterprises navigating a year marked by heightened economic, social, and environmental volatility. Sharp increases over 2024 in global coffee and cocoa prices expanded working capital needs across the portfolio, while geopolitical instability, evolving trade and tariff dynamics, and climate-related shocks continued to shape operating conditions for clients. Amidst these developments, we disbursed capital at the highest level in a decade, providing much needed financing that enabled clients to access record high coffee prices and connect farmers with global markets during critical harvest periods.

Impact

Root Capital financed 196 agricultural enterprises in 2025, reaching over 441,000 smallholder farmers. These businesses in turn generated over \$1 billion in income for farmers and their families, a 37% increase from the same time last year. Of these businesses, 56% were Climate Action Leaders (organizations that made substantial contributions to reforestation and other climate-friendly practices), and 64% met our criteria for significant involvement of women farmers and employees. Many of our clients are leading the way on dual fronts—the intersectionality of climate resilience and women’s economic empowerment—with 40% meeting both criteria.

In 2025, Root Capital loans enabled 90% of clients to access financing that was unavailable in commercial markets at similar terms, if at all. The remaining 10% of our loans supplemented capital offerings in local markets.

Additionally, Root Capital trained leaders and employees from 286 businesses, equipping them with skills to enhance financial management, provide agronomic support to farmers, and build resilience throughout their businesses and communities.

Portfolio Performance

2025 was an exceptionally turbulent year for the global coffee and cocoa sectors, marked by U.S. tariff shifts and severe supply shocks, from droughts in Brazil to floods in Vietnam. Against this backdrop, Root Capital disbursed \$176.8 million of capital to clients—the highest level in more than a decade. In addition to filling massive financing gaps that had been created by soaring commodity prices, this capital enabled our clients to connect farmers with global markets. Lending activity in Q4 2025 was concentrated in East Africa and Mexico and Central America, where harvest cycles accelerated through year-end.

Annual disbursements in East Africa reached the highest level to date, led by coffee clients in Uganda and cocoa clients in the Democratic Republic of the Congo (DRC). The devastating rains in Vietnam, coupled with tariff uncertainty, had many buyers looking to Uganda to fill supply gaps for Robusta coffee, which supported continued demand for financing during the quarter. And despite ongoing conflict, regional insecurity, and heightened operating risks, we deepened engagement with vulnerable clients in the DRC at a time when other lenders reduced their presence in the region ([read more](#)).

In Mexico and Central America, client disbursements reached \$12.8 million in Q4, representing a 52% increase from the prior year, driven by strong lending activity in Nicaragua. This performance is notable given ongoing political challenges in the country and uncertainty related to potential tariff changes, including the threat of a 100% tariff on US-bound products. The increase reflects continued client demand for working capital as harvests moved into peak purchasing periods.

Portfolio Quality

Despite the market volatility, tariff uncertainty, and climate headwinds that defined 2025, Root Capital closed Q4 with exceptionally strong portfolio quality. Our Portfolio-at-Risk (PAR) greater than 90 days declined to 1.5%, the lowest level in over a decade. The balance in PAR totaled \$530,000, also the lowest level recorded over that same period. Compared to the previous quarter, both the PAR balance and ratio decreased, reflecting continued improvement in portfolio performance. This reflects a tremendous repayment rate by our clients and is particularly remarkable given that 2025 saw our highest record level of disbursements. Over the past 12 months, we wrote off \$5.2 million in past due loans, with over 70% supported by guarantees. Offsetting these write-offs, we recovered \$3.4 million of written-off principal, which brought our trailing 12-month net write-off ratio to 3.5%.

Responding to a Climate Disaster in Indonesia

In Asia, lending activity reflected both recovery and adaptation. Late in the quarter, Cyclone Senyar struck Indonesia, causing catastrophic and deadly flooding across Central Aceh on the northern tip of Sumatra. In a region globally known for its coffee production (and home to several of our clients), vital infrastructure washed away in mudslides, isolating entire communities from access to food, water, and electricity.

In the wake of this disaster, Root Capital worked with clients to quickly assess business impacts and identify their immediate needs. During Q4, we rapidly deployed emergency resilience grants, which were primarily used to purchase food essentials, and plan to provide additional emergency support in 2026.

This tragedy underscores the growing intensity of climate-related shocks and the important role of agricultural businesses in strengthening farmers' resilience. **Experts say that this disaster was intensified by deforestation**, further emphasizing the importance of regenerative practices like agroforestry in mitigating climate risk. The urgent need to mitigate such risk is the reason why Root Capital's new strategy will prioritize supporting regenerative agriculture as an essential builder of resilience. [Read the client story to learn more about our efforts to support recovery in Indonesia.](#)



Advisory Services

Our advisory work in Q4 continued to focus on preparing clients to navigate a complex and evolving risk landscape shaped by regulatory change, climate pressures, and market volatility. Throughout the year, advisory engagements helped clients apply for climate investments, prepare to comply with emerging regulations, and leverage their own farm-level data to strengthen market access and accelerate decision-making.

In Indonesia, advisory teams remained engaged with clients to prioritize immediate client needs, mobilizing an emergency grant response to ensure that affected producer communities had access to food and other basics. Early recovery progressed faster than anticipated, with clients already reaching out for guidance related to replanting and longer-term adaptation. The team continues to reassess conditions and identify future areas of support for clients as they rebuild and recover. These discussions have informed our evolving advisory approach, that has increasingly focused on regenerative agriculture and landscape-level resilience and will be further developed in our new strategy launching in 2026.

Financial Results

While Root Capital's net assets decreased by \$3.6 million in 2025, our balance sheet remains strong, with \$41 million in unrestricted net assets, high levels of liquidity, and low financial leverage of 1.5x. Our investor notes increased 5% to \$60 million, providing the liquidity necessary to meet surging client demands for financing throughout the year and in 2026.

Our unrestricted net assets decreased \$3.8 million in 2025 as compared to a decrease of \$5.9 million in 2024. Lending revenue increased \$1.2 million, 24% over the prior year, aligning with strong disbursements in the first half of the year as we met our clients' outsized capital needs; our year-to-date average lending balances grew 9% to \$49.8 million with peak seasonal lending during the first

half of the year of over \$73 million. This increased lending revenue was offset by a decrease in grant and contribution revenue, which declined \$9.0 million year-over-year, or by 46%. This is the combined result of the termination of two USAID grants and delayed spending on another U.S. government grant, along with several multi-year grants coming to a close.

At the same time, we are thrilled to report that in 2025 we raised over \$10M in funding, laying a strong foundation for our future. On the expense side, our disciplined cost management strategy led to a \$10 million or 32% reduction in operating expenses year-over-year, driven by savings in personnel, professional services, and travel. Provisioning expenses also decreased by \$1.2 million, reflecting improved portfolio quality throughout the year.

While these measures helped mitigate financial pressures in 2025, continued focus on cost efficiency and revenue diversification will be critical throughout 2026. By maintaining prudent financial oversight and aligning resources with strategic priorities, Root Capital remains well-positioned to navigate future uncertainties while sustaining its mission-driven impact.

Conclusion

Root Capital closed 2025 with strong portfolio performance, and continued delivery of impact across regions and sectors. High disbursement levels, improved portfolio quality, and targeted advisory engagement enabled clients to navigate volatile markets while continuing to serve smallholder farmers and rural communities. This year underscored that growing risks – from climate shocks to regulatory change – will continue to shape client demand for both capital and advisory support. As Root Capital embarks on a new strategy, we remain committed to meeting the evolving needs of agricultural enterprises, strengthening resilience across supply chains, and positioning the organization to operate effectively within a changing fundraising and operating environment.

CLIENT STORY

Resilience and Recovery after Cyclone Senyar

In late November 2025, Cyclone Senyar brought extreme rainfall, flooding, and landslides to parts of Indonesia, causing widespread disruption across Aceh province and neighboring areas. The disaster resulted in the loss of more than 1,000 lives and directly damaged critical rural infrastructure including roads, processing and storage facilities, and more than 65,000 hectares of agricultural land. Many of our lending clients in the region experienced severe operational disruptions as access to farms, markets, and basic goods was severed.

In response, Root Capital mobilized quickly to provide \$34,200 in emergency resilience grants to nine lending clients in December. Agricultural businesses played a central role in local response efforts, leveraging their offices and warehouses as temporary shelters and organizing relief distribution efforts. Grant funding was used to purchase and distribute essential goods such as rice, tinned fish, cooking oil, and fuel at a time when prices had surged and supply chains were severely disrupted. Bapak Ibrahim, who received emergency support through a resilience grant, noted the support was “very beneficial” as the community is “currently facing significant difficulties accessing transportation due to many roads being damaged and limited fuel availability.”

While the situation remained challenging through the year-end, conditions began to improve in early 2026 as emergency infrastructure was put in place and transport routes reopened. While disruptions persist at the farm level due to damaged land and limited access, coffee trading has resumed, and clients have begun



Credit: PT Putra Gayo (Root Capital client)

“It is vital to acknowledge the crucial role that Root Capital’s support plays in facilitating the recovery of our community.”

preparing for upcoming harvest activity. In a region where coffee is the primary source of income, the resumption of trading is a critical step toward restoring cash flow for farmers and stabilizing communities. Rahmah, Chairman of KOPEPI Ketiara cooperative: said, “It is vital to acknowledge the crucial role that Root Capital’s support plays in facilitating the recovery of our community.”

As recovery continues, Root Capital is working closely with clients to identify longer-term needs and explore how future advisory support—particularly around regenerative agriculture, agroforestry, and deforestation mitigation—can help strengthen resilience and support a more sustainable recovery.

Impact Dashboard

IMPACT RESULTS THROUGH Q4		
2025	2024	
337	445	Total Businesses Reached
Advisory Program		
286	415	Businesses Served by Advisory
2,405	4,862	Days of Training Delivered
34%	43	Women Participants
27%	46	Participants Under the Age of 35
Lending Program		
196	213	Businesses Reached by Lending ¹
64%	64%	Women-Inclusive Businesses ²
56%	51%	Climate Action Leaders ²
441K	460K	Producers Reached
41%	39%	Women Farmers
21.2K	19K	Employees Reached
63%	61%	Women Employees
\$1.08B	\$787M	Purchases From Farmers
\$1.24B	\$932M	Total Sales for the Businesses
446K	411K	Sustainable Hectares Under Management
\$176.8M	\$128.2M	Loan Disbursements
\$105.7M	\$79.5M	Disbursements to Women-Inclusive Businesses ²
\$101.3M	\$71.5M	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 December 31	
Millions of USD	2025	2024	
Cash and Short-Term Investments	70.5	73.4	
Loans Receivable	35.8	30.4	
Allowance for Credit Losses	(1.1)	(2.2)	
Loans Receivable, Net of Allowance	34.7	28.1	
Grants Receivable and Other Assets	10.8	16.3	
Total Assets	115.9	117.9	
Senior Debt	56.3	51.0	
Subordinated Debt	3.9	6.3	
Other Liabilities	3.7	5.0	
Total Liabilities	63.9	62.3	
Net Assets without Donor Restrictions	41.2	45.1	
Net Assets with Donor Restrictions	10.8	10.5	
Total Net Assets	52.0	55.6	
Total Liabilities & Net Assets	115.9	117.9	
Debt-to-Equity Ratio	1.5x	1.3x	
Grant Net Assets*	12.8	13.6	

* 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.

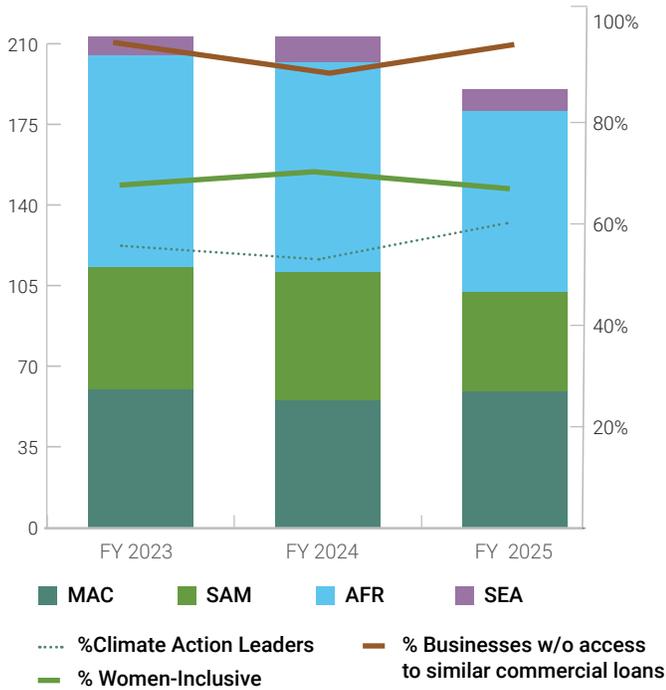
STATEMENT OF ACTIVITIES		As of December 31	
Millions of USD	2025	2024	
Revenue			
Grant and Contribution Revenue	10.4	19.4	
Lending Revenue	6.2	5.0	
Interest and Other Income	2.2	2.9	
Total Revenue	18.8	27.3	
Expenses			
Operating Expenses	20.5	29.9	
Provisioning Expense	1.1	2.3	
Interest Expense	1.1	.9	
Total Expenses	22.6	33.2	
Change in Unrestricted Net Assets	(3.8)	(5.9)	

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

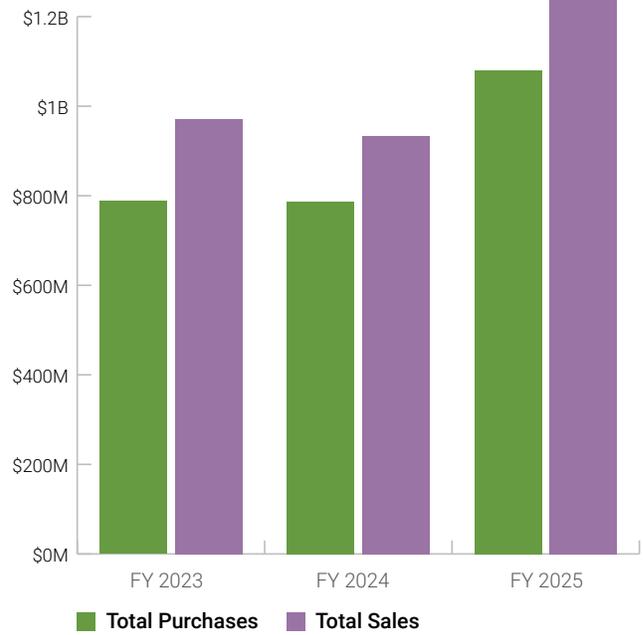
Performance

Lending Impact

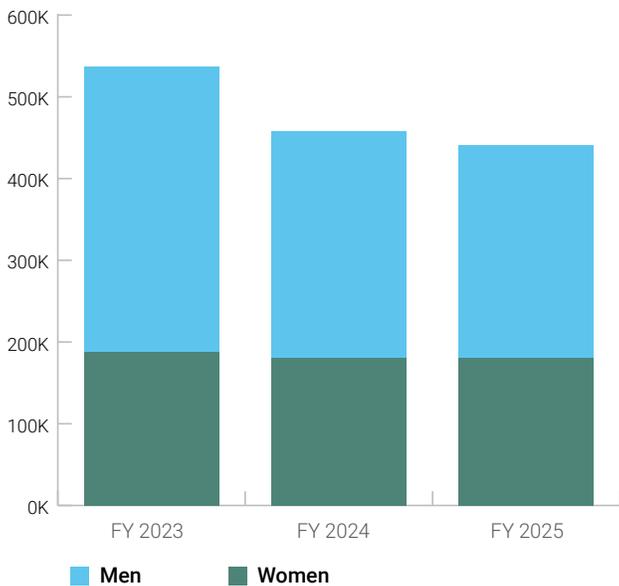
Businesses Reached (Lending Program)



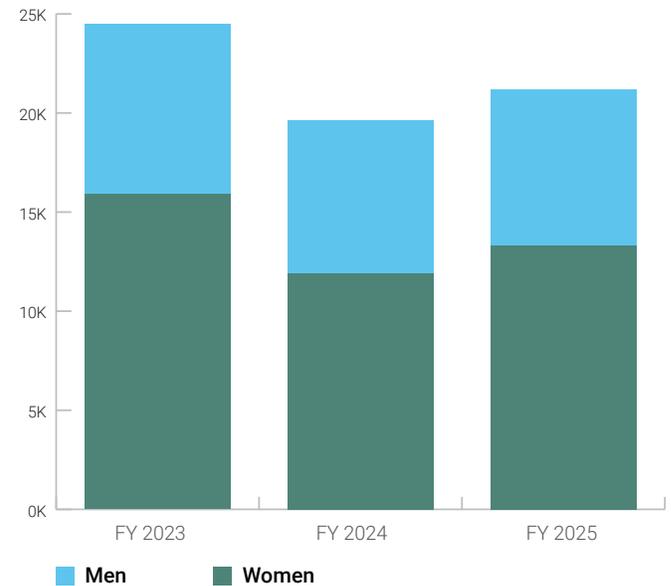
Purchases from Farmers and Client Businesses' Sales



Farmers Supplying Businesses

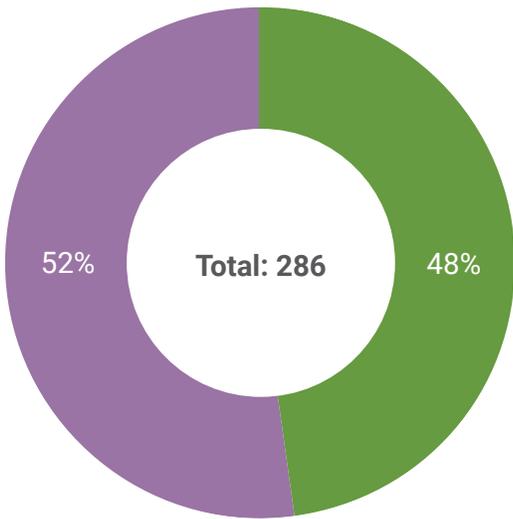


Employees Reached



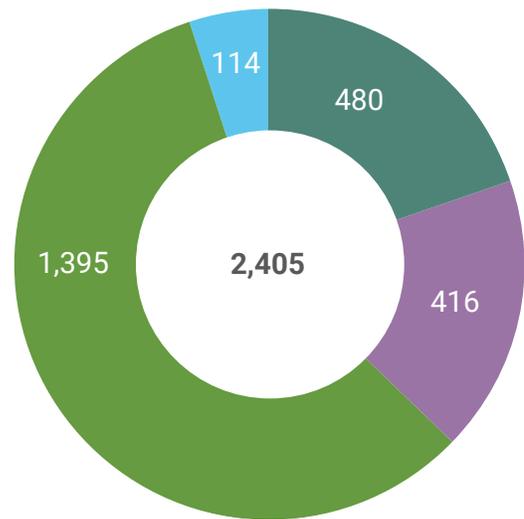
Advisory Impact

Businesses Served by Advisory Through Q4 2025



Existing Lending Clients Potential Lending Clients

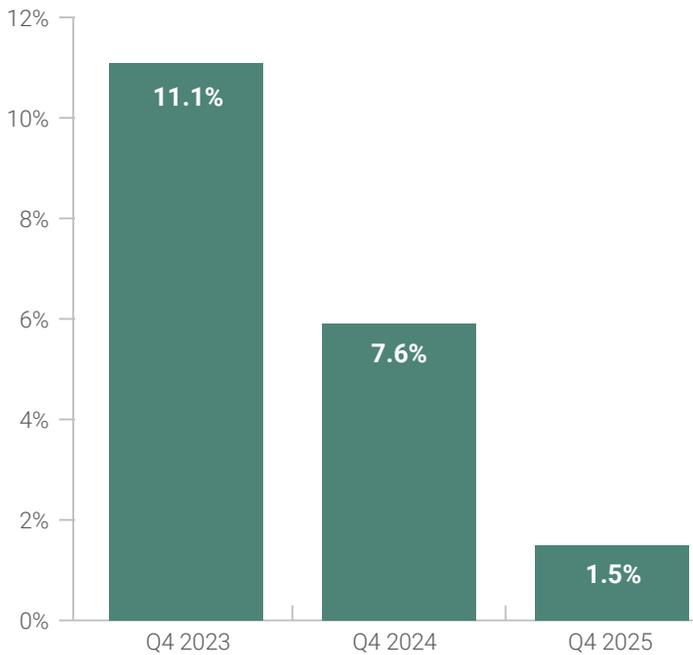
Days of Training Delivered Through Q4 2025



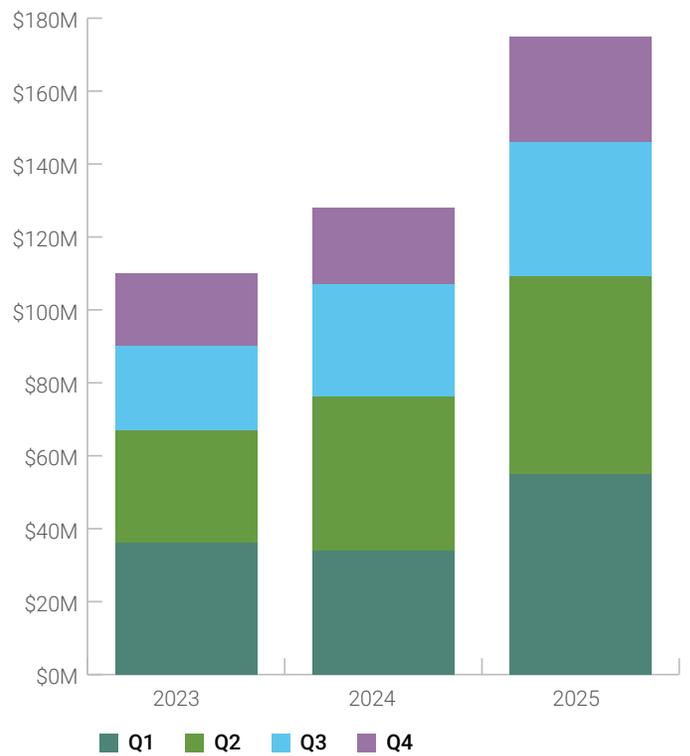
MAC SAM AFR SEA

Portfolio Performance

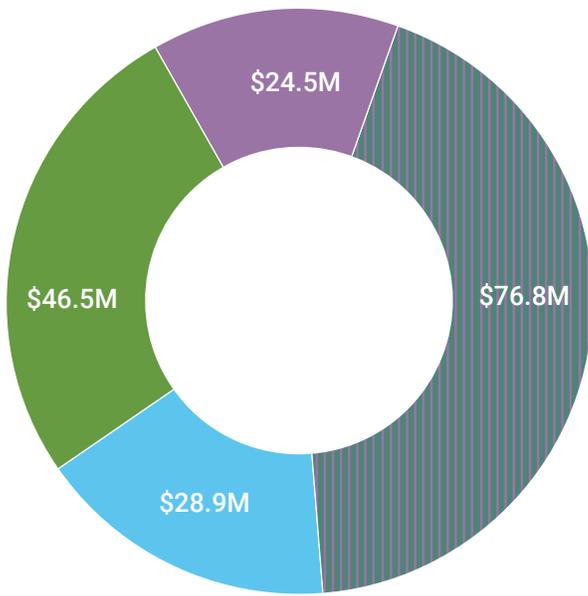
Portfolio at Risk > 90 Days



Total Loan Disbursements

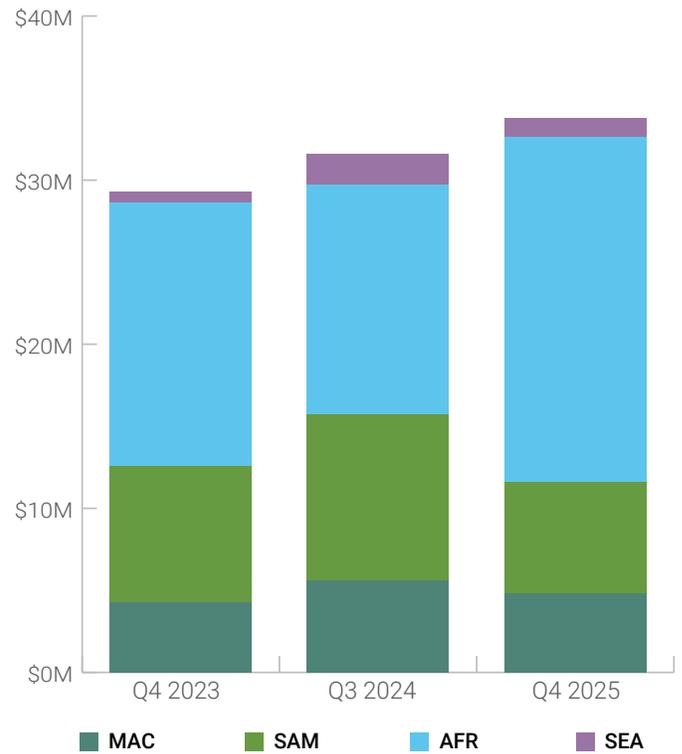


Disbursements to Clients by Program in 2025



- Climate Action Leaders that are Gender-Inclusive
- Women-Inclusive Businesses
- Climate Action Leaders
- Other

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 action 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-Inclusive Business: 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)