

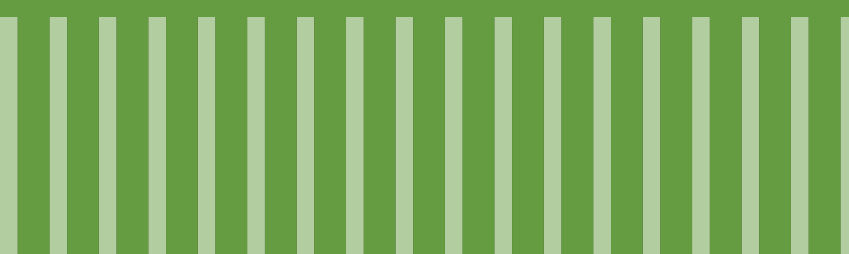


Root  
Capital

# Performance Report

## Q1 2026

Our client APROSELVANOR, a women-led coffee cooperative in Peru, recently accessed a climate loan to provide farmers with organic fertilizer. Credit: APROSELVANOR





## 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 \$2.2 billion to more than 1000 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

Root Capital began 2026 with a solid first quarter, marked by continued demand for financing and a stable, high-quality portfolio. Although global market conditions—particularly in coffee—shifted from the record high prices last year, client demand and repayment trends remained strong.

## Root Regen 2035:

### Growing smallholder prosperity, inclusion, and climate resilience in the Regenerative Decade

In January 2026, we launched Root Regen 2035—our ambitious ten-year vision—and embarked upon a new three-year strategic plan to advance this vision. Root Regen 2035 imagines a future where regenerative smallholder farming becomes a prosperous way of life for 60 million farming families in rural communities.

Regenerative agriculture is a holistic approach that restores environmental health, reduces carbon emissions, builds local resilience to climate shocks, and creates more stable, diversified income streams for smallholder farming families. We're excited to share more in the coming months about our new three-year strategy, which is built around **regenerative agriculture as a means of achieving climate-resilient communities and landscapes.**

In order to drive direct impact for smallholder farmers, develop new tools for the regenerative decade, and influence others in the ecosystem, we will be pursuing activities across three buckets:

- **Advance** farmer prosperity and resilience through a global platform of regenerative agricultural businesses;
- **Create** new products, services, and partnerships to build climate-resilient communities and businesses; and
- **Transform** the agrifinance market and accelerate the transition to regenerative food systems through collective action to fill the smallholder finance gap

## Impact

Root Capital financed 122 agricultural enterprises in the first quarter of 2026, reaching over 291,000 smallholder farmers. These businesses in turn generated \$601 million in income for farmers and their families. This quarter, 75% of our lending clients were **Regenerative Businesses**.

### What is a Regenerative Business?

Regenerative Businesses are agricultural enterprises that implement practices across four key outcomes: prosperous and resilient livelihoods for farmers and employees, protected and enhanced biodiversity, improved soil and water health, and reduced greenhouse gas emissions. These practices may include agroforestry, soil conservation, agronomic support, and other approaches that contribute to environmental sustainability while supporting farmer livelihoods.

In Q1 2026, 67% of the businesses in our lending portfolio were women-led or had significant women's leadership, with women also represented as farmers and employees of these businesses. **A majority of Q1 clients prioritized both regenerative practices and women's economic empowerment, with 51% of clients meeting both the criteria for both.** This is particularly important given the critical intersectionality between climate, gender and agriculture. Women farmers experience disproportionate climate impacts because of structural barriers that limit their access to land, finance, training, and leadership opportunities. But women farmers—who make up over 50% of the agricultural workforce in some countries—are more likely to adopt regenerative practices. By prioritizing both regenerative practices and women's economic empowerment, our clients are actively demonstrating that inclusion builds stronger farms, families, communities, and landscapes.

Root Capital trained leaders and employees from 51 businesses during the first quarter, equipping them with skills to enhance financial management, provide agronomic support to farmers, and otherwise build resilience in their businesses and communities. In Q1 2026, Root Capital loans enabled 89% of clients to meet financing gaps otherwise unaddressed by commercial markets. The remaining 11% supplemented capital available from local commercial sources.

## Portfolio Performance

Global coffee markets continued to experience volatility in Q1, with coffee prices declining from above \$4 per pound in early 2025 to approximately \$3 per pound, with anticipation of a record-breaking harvest in Brazil pressuring prices downward. After record lending in 2025, this shift drove a 15% decrease in year-over-year disbursements, though lending volume still held 30% above first-quarter totals from 2024 and 2023.

Disbursements totaled \$47 million in Q1, concentrating in Mexico and Central America and Africa. Notably, disbursements in Kenya's macadamia sector increased 70% year-over-year, driven in part by earlier financing in order to meet clients' needs more effectively.

In Indonesia, as clients continued to recover from Cyclone Senyar that hit in late 2025, demand for financing began to rebound as infrastructure improved and businesses resumed normal operations.

## Portfolio Quality

Portfolio quality remained exceptional in Q1 2026. Our Portfolio-at-Risk (PAR) greater than 90 days stood at \$847,000 (1.6%), which is similar to December 2025 and significantly lower than 5.3% in Q1 2025.

Over the past 12 months, we wrote off \$3.4 million in past due loans, with over 70% supported by guarantees. Offsetting these write-offs, we recovered \$2.5 million of written-off principal, which brought our trailing 12-month net write-off ratio to 1.7%.

## Advisory Services

As we continue to scope entry into new markets, much of the Advisory work in Q1 revolved around designing services geared towards capital access and capital management for potential lending clients. The Business Management Advisory (BMA) team refined client-facing approaches and toolkits to improve efficiency, systematic monitoring, and service quality. In Kenya, Uganda, DRC, and Ghana, we worked with 17 clients to assess their accounting and financial health, utilizing a tool typically applied to organizations with lending potential. This critical data provides a rapid understanding of client gaps and needs. Our BMA advisors are able to tailor interventions that strengthen core business processes and capacity from production of accurate financial statements to developing internal controls and digitizing accounting systems. Such efforts ensure that pipeline organizations can meet the lending requirements of Root Capital and other potential lenders and are able to effectively manage and monitor their capital into the future.

## Financial Results

Root Capital deployed a modest \$0.6 million of unrestricted net assets in 2026, greatly improving over 2025.

Lending revenue totaled \$1.5 million, up 15% year-over-year, propelled by strong demand in Kenya macadamia and DRC cocoa clients. Grant and contribution revenue rose by \$1.4 million year-over-year, driven by the receipt of a \$1 million, fully-committed pledge payment. Operating expenses declined by 14% year-over-year, reflecting disciplined cost management and lower personnel costs. Provisioning expenses decreased by \$1.2 million, a reflection of strong portfolio quality.

## Conclusion

Root Capital's performance in Q1 2026 demonstrates a strong start to the year, characterized by strong and stable portfolio quality and the launch of a new strategy to deepen the support for clients in the years ahead. While market conditions, particularly in coffee, have softened from the highs of the previous year, our clients remain resilient.

As the year progresses, we will continue to focus on deploying capital effectively, scaling advisory services, and expanding support for agricultural businesses at the center of rural economies.

## CLIENT STORY

# Investing in Climate-Resilient Businesses



Members of Rubanga, a coffee cooperative in Uganda, are one of the client businesses participating in the organic fertilizer trial with Regen Organics.  
Credit: Root Capital

Across our portfolio, Root Capital supports agricultural businesses' efforts to invest in practical, locally-driven solutions that strengthen resilience and reduce vulnerability to environmental and economic shocks. Soil regeneration is a priority for Root Capital as client communities experience high rates of soil degradation—often because the cost of regenerative inputs, like organic fertilizer, is simply out of reach.

In June 2025, Root Capital launched a pilot program with Regen Organics, a company that manufactures and delivers regenerative organic fertilizers to farmers in Kenya and other markets in Africa. We are providing eight clients with access to Regen Organics' organic fertilizer (Evergrow) and evaluating the impacts on soil health, crop yields, and farmer income to inform future scaling efforts. Farmers are already reporting positive early results: greener leaves, improved tree vigor, and fewer drought symptoms. If the trials are successful, Root Capital will partner with clients to scale access to Evergrow across their farmer networks, strengthening soil regeneration efforts and improving yields and livelihoods.

Similar climate investments are underway in Peru, where women-led cooperative APROSELVANOR recently secured a Root Capital climate loan to provide farmers with organic fertilizers. As the result of a climate adaptation planning process with our advisory team, which identified soil degradation as a key threat for their farmers, the cooperative has prioritized increasing farmer access to organic fertilizers. As part of Root Capital's capacity + credit + connections approach, access to climate finance is strengthened by advisory services. After a climate vulnerability assessment, APROSELVANOR received Digital Business Intelligence support to generate a visual dashboard that illustrated productivity and vulnerability patterns across the geography of their producers. Advisory support also applied a gender lens to identify specific barriers and opportunities.

Together, these examples reflect a broader approach to climate finance: one that combines targeted capital and technical support to help agricultural businesses adapt, innovate, and build resilience over time. As Root Capital advances its new strategy centered around regenerative agriculture, these types of investments and collaborations will continue to play a central role in supporting clients and the farming communities we serve



Credit: APROSELVANOR

# Impact Dashboard

IMPACT RESULTS THROUGH Q1						
	2026			2025		
	Lending	Advisory-Only	Total	Lending	Advisory-Only	Total
Total Businesses Reached <sup>1</sup>	122	35	157	138	45	183
Women-Inclusive Businesses <sup>2</sup>	67%	N/A	67%	61%	N/A	61%
Regenerative Businesses <sup>3</sup>	75%	N/A	75%	62%	N/A	62%
Producers Reached	292K	14K	305K	231K	100K	332K
Women Farmers	41%	30%	41%	44%	43%	44%
Employees Reached	10K	4K	14K	12K	7K	19K
Women Employees	58%	35%	58%	57%	79%	65%
Purchases from Farmers	\$601M	\$138M	\$739M	\$724M	\$129M	\$853M
Total Sales for the Businesses	\$710M	\$484M	\$1194M	\$817M	\$159M	\$976M
Sustainable Hectares Under Management	267K	31K	297K	388K	86K	474K
Loan Disbursements	\$47M	N/A	\$47M	\$55M	N/A	\$55M
Disbursements to Women-Inclusive Businesses <sup>2</sup>	\$26M	N/A	\$26M	\$33M	N/A	\$33M
Disbursements to Regenerative Businesses <sup>3</sup>	\$38M	N/A	\$38M	\$40M	N/A	\$40M

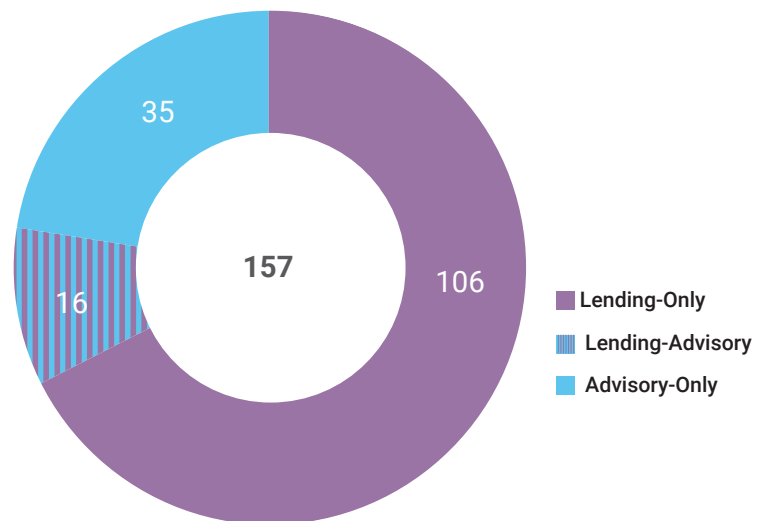
1 "Businesses Reached" includes the total number of clients with an outstanding loan balance at any point in the year-to-date period.

2 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 AND the enterprise implements at least one women inclusive policy and/or program

3 Agricultural enterprises whose business models build prosperous and resilient livelihoods within their workforce and producer communities, protect and enhance biodiversity, improve soil and water health, and reduce greenhouse gas emissions through regenerative agricultural practices, such as agroforestry and organic land management. In 2025, we reported Climate Action Leaders. As of January 2026, we will be using the new classification "Regenerative Businesses".

See Terms and Acronyms on page 11 for definitions

Clients Reached by Root Capital Services



# Balance Sheet & Statement of Activities

<b>BALANCE SHEET</b>		<b>As of March 31</b>	
<b>Millions of USD</b>	<b>2026</b>	<b>2025</b>	
Cash and Short-Term Investments	52.6	37.8	
Loans Receivable	52.1	59.2	
Allowance for Credit Losses	(1.5)	(2.9)	
Loans Receivable, Net of Allowance	50.6	56.3	
Grants Receivable and Other Assets	9.0	16.2	
<b>Total Assets</b>	<b>112.2</b>	<b>110.3</b>	
Senior Debt	56.3	50.1	
Subordinated Debt	3.8	6.3	
Other Liabilities	2.9	3.2	
<b>Total Liabilities</b>	<b>63.0</b>	<b>59.6</b>	
Net Assets without Donor Restrictions	40.6	41.2	
Net Assets with Donor Restrictions	8.6	9.6	
<b>Total Net Assets</b>	<b>49.2</b>	<b>50.7</b>	
<b>Total Liabilities &amp; Net Assets</b>	<b>112.2</b>	<b>110.3</b>	
Debt-to-Equity Ratio	1.5x	1.4x	
Grant Net Assets*	10.4	12.6	

\* 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.

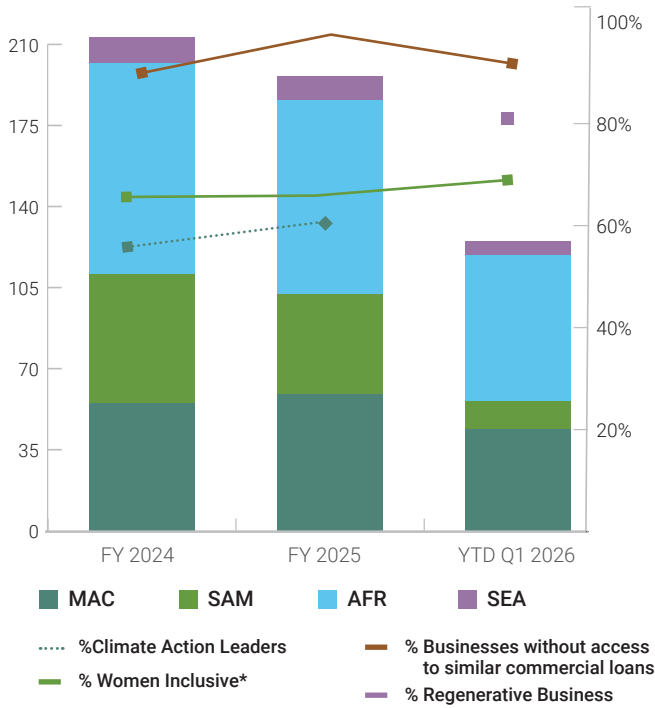
<b>STATEMENT OF ACTIVITIES</b>		<b>Year to Date March 31</b>	
<b>Millions of USD</b>	<b>2026</b>	<b>2025</b>	
<b>Revenue</b>			
Grant and Contribution Revenue	2.5	1.1	
Lending Revenue	1.5	1.3	
Interest and Other Income	.5	.5	
<b>Total Revenue</b>	<b>4.5</b>	<b>3.0</b>	
<b>Expenses</b>			
Operating Expenses	4.4	5.2	
Provisioning Expense	.4	1.4	
Interest Expense	.3	.3	
<b>Total Expenses</b>	<b>5.1</b>	<b>6.9</b>	
<b>Change in Unrestricted Net Assets</b>	<b>(.6)</b>	<b>(3.9)</b>	

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

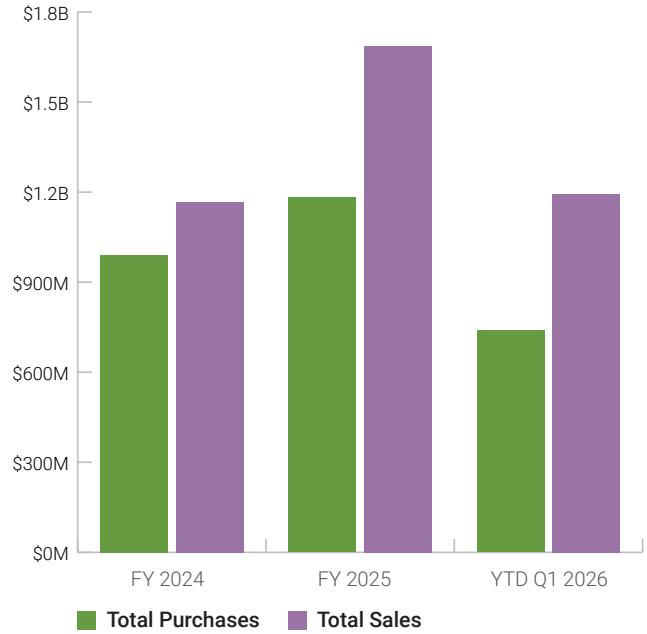
# Performance

## Lending Impact

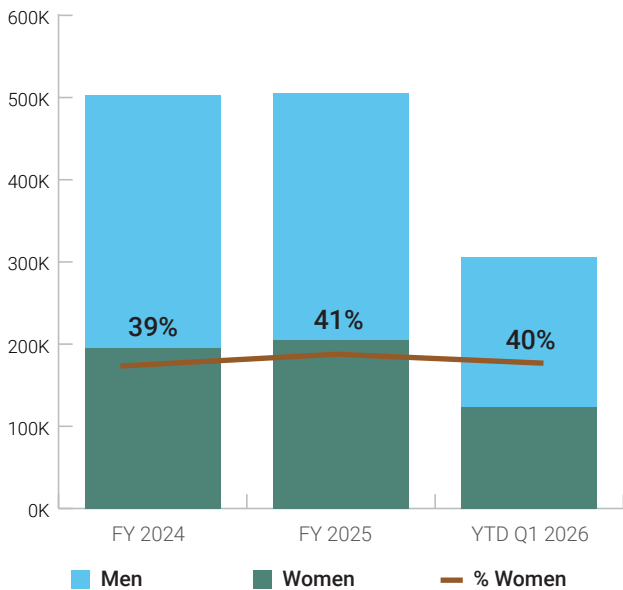
Businesses Reached (Lending Program)



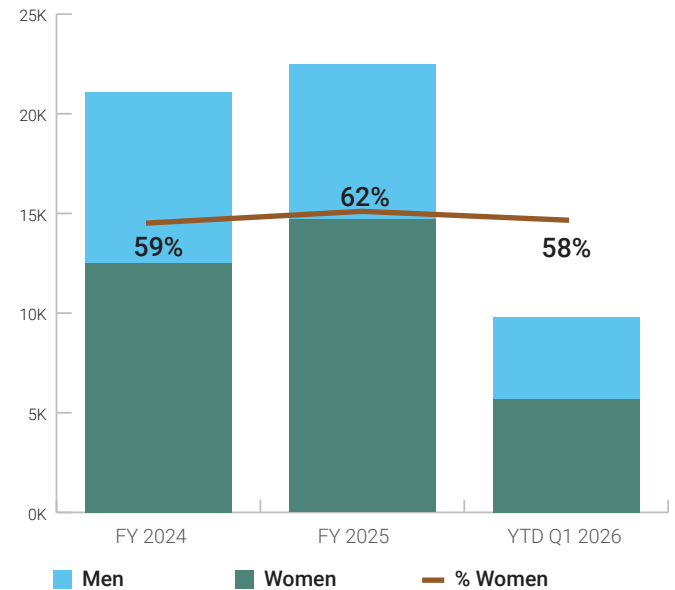
Purchases from Farmers and Client Businesses' Sales



Farmers Supplying Businesses, Disaggregated by Gender



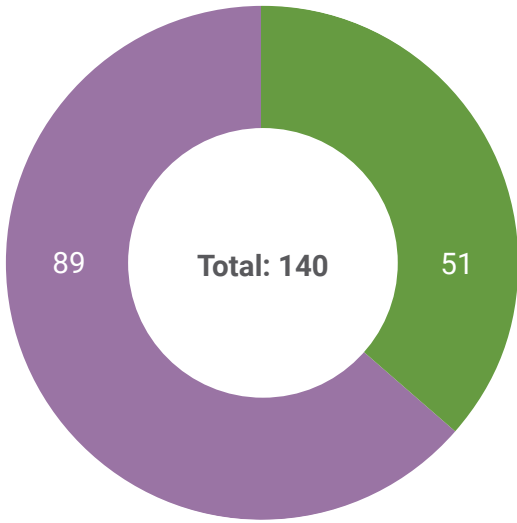
Employees Reached, Disaggregated by Gender



\*See Glossary for 2026 addition to women inclusive definition.

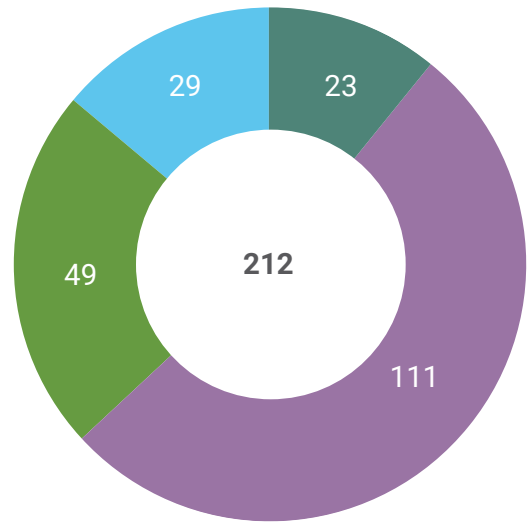
## Advisory Impact

Businesses Participating in Advisory Through Q1 2026



■ Clients Served by Advisory ■ Clients Reached by Advisory

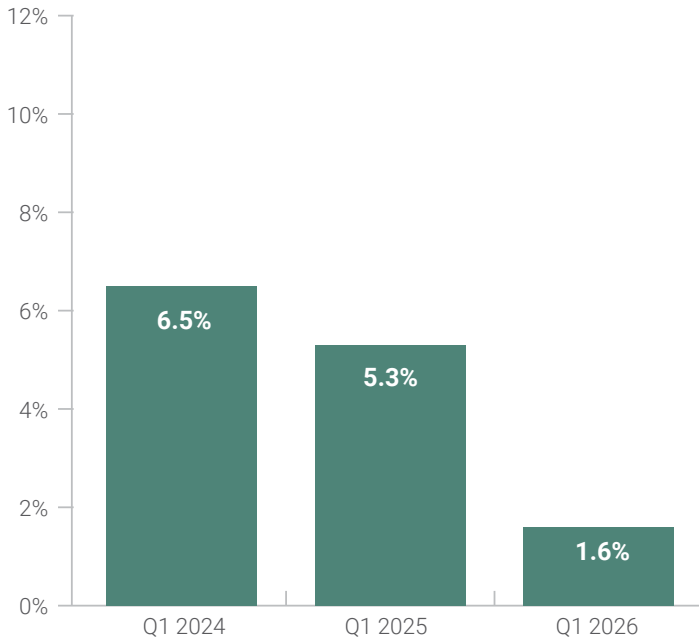
Days of Training Delivered Through Q1 2026



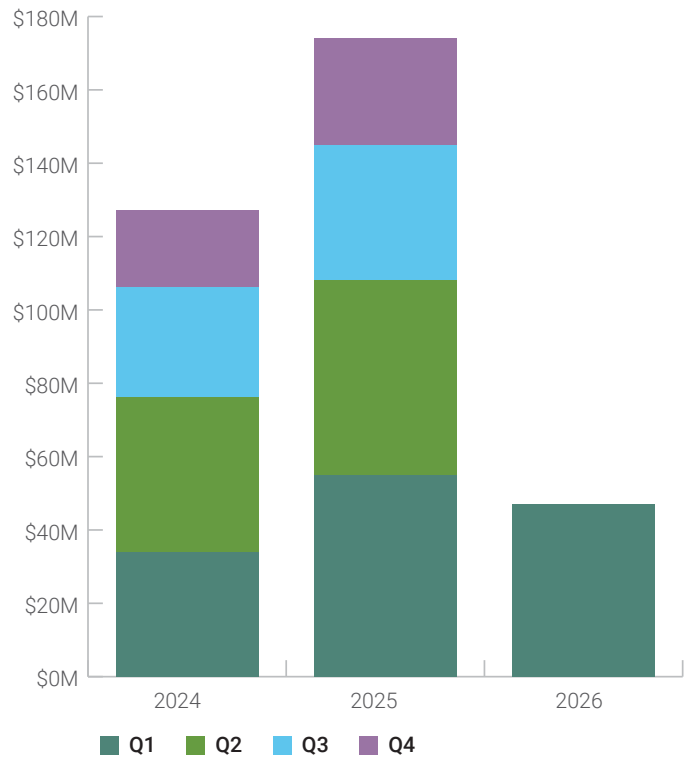
■ MAC ■ SAM ■ AFR ■ SEA

## Portfolio Performance

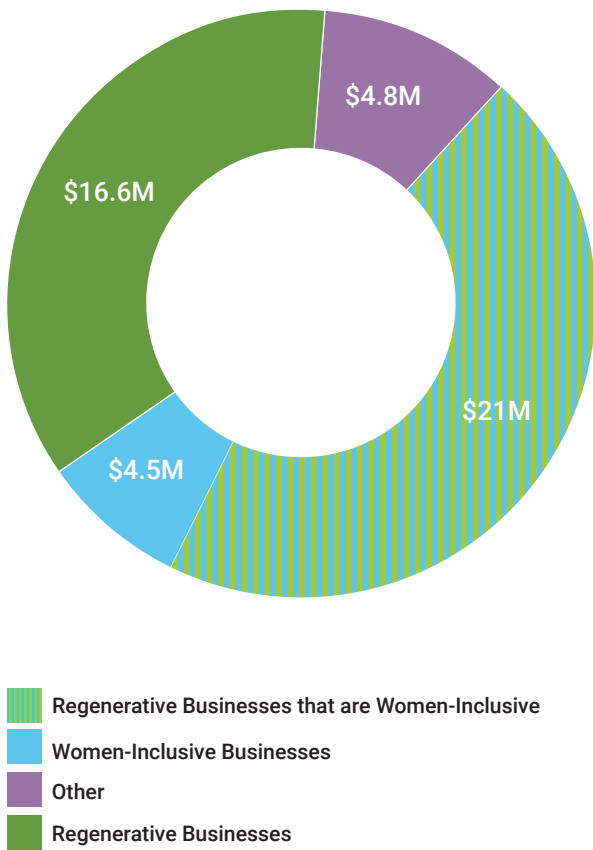
Portfolio at Risk > 90 Days



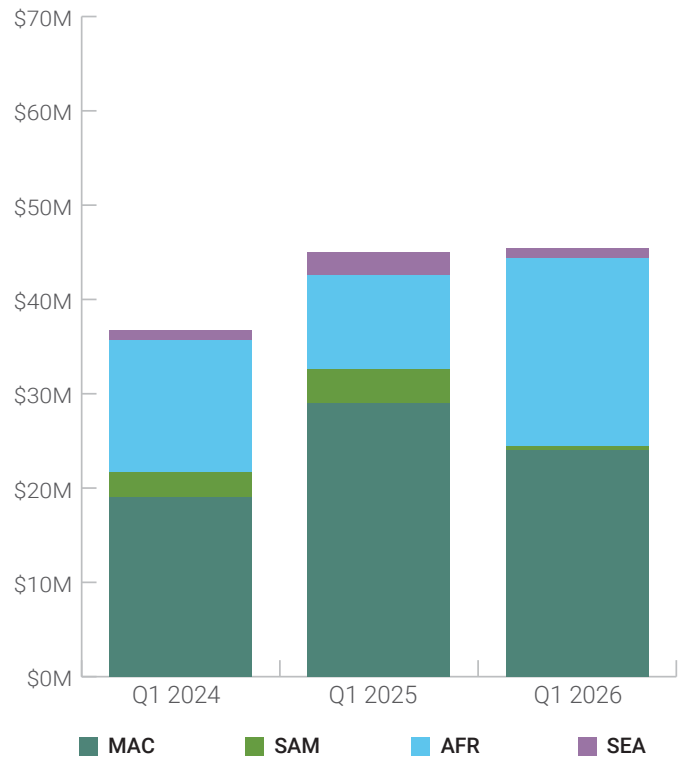
Total Loan Disbursements



Disbursements to Clients by Program Through Q1 2026



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](http://www.rootcapital.org) or email [info@rootcapital.org](mailto:info@rootcapital.org).

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# Terms and Acronyms

**Advisory Reached:** We report businesses reached by Advisory Services to capture the clients meaningfully engaging in our capacity-building trainings. 'Advisory reached' clients are those that participated in one or more days of onsite topical Advisory Services training during the period. This is a cumulative metric; businesses are added to the annual total in the quarter in which they are first reached.

**Businesses Reached:** We report businesses reached to capture the number of businesses financed using our debt capital or those who received meaningful support from our Advisory services. Businesses reached are those that had an outstanding loan balance or received onsite technical support 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.

**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 either 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 AND the enterprise implements at least one women-inclusive policy and/or program\*

**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 Reached:** We report businesses reached by Lending 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.

**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

**Regenerative Business\*\*:** An agricultural enterprise that implements practices across four key outcomes: prosperous and resilient livelihoods for farmers and employees, protected and enhanced biodiversity, improved soil and water health, and reduced greenhouse gas emissions. These practices may include agroforestry, soil conservation, agronomic support, and other approaches that contribute to environmental sustainability while supporting farmer livelihoods.

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

\* The requirement regarding women-inclusive policies and/or programs is new as of 2026.

\*\*We have aligned with the global movement toward regenerative agriculture by replacing the Root Capital-specific Climate Action Leader designation with a Regenerative Business classification (based off of the Regen10 framework) to more effectively showcase our client's impact on global climate, nature, and people objectives.