

Investor H2 Report 2025

Welgevonden B.V. – February 2026



WELMAC

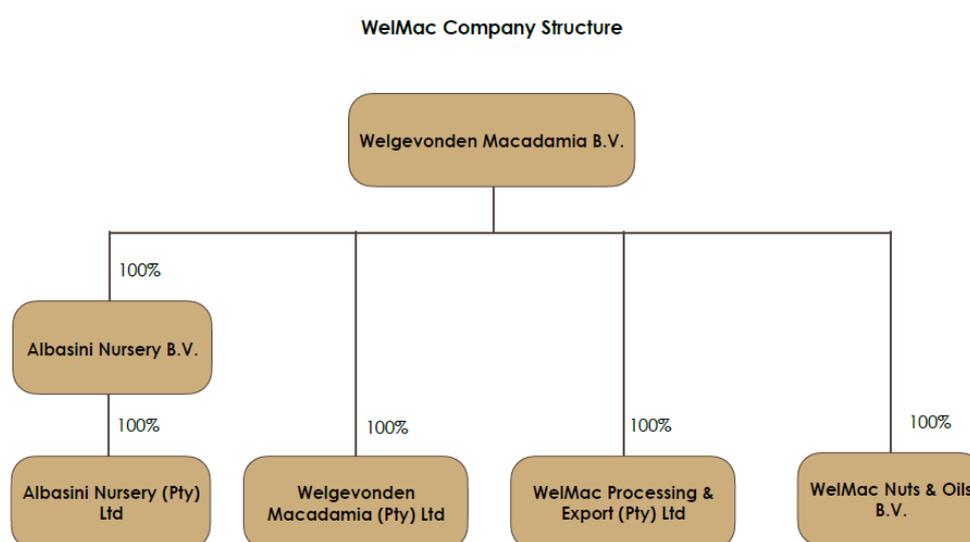
Dear reader,

We are pleased to present the unaudited half-year results of Welgevonden Macadamia B.V. for the period ended 31 December 2025.

The period reflects continued operational progress within our South African farming operations, alongside improved cost efficiencies and stable market conditions. This report provides a financial overview of the group, operational developments during the period, and an outlook for 2026.

The audited annual financial statements for the year ended 31 December 2025 will be issued in due course.

About Welgevonden Macadamia B.V Group



Welgevonden Macadamia B.V. is the holding company of the Group, with operations in both the Netherlands and South Africa.

The Group consists of:

Welgevonden Macadamia (Pty) Ltd

The primary farming operation located in Louis Trichardt, South Africa. The farm has expanded from 59 hectares of mature orchards at acquisition in 2016 to 224 hectares currently under cultivation.

Albasini Nursery B.V. and Albasini Nursery (Pty) Ltd

The nursery business supplies macadamia trees, including newly registered cultivars A203 and A268 developed by Citrogold. The nursery supports both internal replanting and external sales, strengthening long-term sustainability and revenue diversification.

The Group operates as an integrated agricultural business with farming, orchard development, and nursery operations forming a cohesive growth platform.

Preliminary Financial Results – Year Ended 31 December 2025

The group reports the following preliminary financial results from the past year, along with detailed explanations. The finalized 2025 annual report is anticipated in the coming months.

		01 January - 30 December 2025		01 January - 30 December 2024
Revenue		512 389.52		526 099.00
Cost of sales	-	71 516.28	-	66 662.00
Gross margin		440 873.24		459 437.00
Operating costs	-	1 738 563.71	-	2 062 803.00
EBITDA	-	1 297 690.47	-	1 603 366.00
Depreciation & amortization	-	101 360.29	-	96 005.00
EBITDA	-	1 399 050.76	-	1 699 371.00
Financial income and expenses	-	327 024.91	-	938 134.00
Taxtion				-
Result after taxation	-	1 726 075.67	-	2 637 505.00

Balance Sheet		01 January - 30 December 2025		01 January - 30 December 2024
Intangible fixed assets		26 999.00		38 999.00
Tangible fixed assets		8 493 898.76		8 545 962.24
Financial fixed assets		-		-
Total fixed assets		8 520 897.76		8 584 961.24
Inventories		50 483.00		87 920.00
Receivables		97 328.00		147 920.00
Other current assets		-		-
Cash at bank		48 944.00		35 069.00
Total current assets		196 755.00		1 850 688.69
Total		8 717 652.76		10 435 649.93
Shareholder equity		4 207 731.00		4 204 656.00
Debt to shareholders	-	4 126 515.59	-	5 197 139.39
Non-current liabilities	-	7 819 766.00	-	7 389 503.54
Convertible loans		-	-	500 000.00
Current liabilities	-	979 102.00	-	1 553 663.00
Total	-	8 717 652.59	-	10 435 649.93

Explanation of the full year results for 2025

Revenue

Revenue for the period was primarily derived from macadamia nut sales (approximately 80%), with the remaining 20% attributable to nursery operations.

The revenue mix reflects continued reliance on core farming operations, while nursery sales provided additional diversification.

Cost Management

Operating costs decreased by approximately 16% compared to the prior period. This reduction was primarily driven by:

- Improved orchard health
- Optimised chemical application strategies
- Continued implementation of biological pest control

- Enhanced operational efficiencies

The cost reductions reflect structural improvements rather than once-off savings.

Production

Total macadamia production for 2025 amounted to 239 tonnes (2024: 255 tonnes).

The slight decrease is attributable to seasonal fluctuations within mature orchards, which is typical in macadamia production cycles.

Liquidity and Funding Position

As at 31 December 2025, the Group maintained adequate liquidity for current operational requirements

Due to the seasonal nature of macadamia production, working capital requirements fluctuate during the year, particularly in relation to inventory build-up prior to shipment and sale. These movements are inherent to the agricultural cycle and are actively managed through structured cash flow forecasting.

The Group continues to monitor its liquidity position closely and is proactively evaluating funding strategies to ensure appropriate coverage of existing loan obligations and planned capital expenditure. This includes forward planning in respect of refinancing, capital allocation and operational cash generation.

No material changes to the funding structure occurred during the reporting period.

Operational Developments

1. Orchard Expansion and Maturity Profile

The Group currently has a total of 225 hectares of Macadamia of which 165 hectares of orchards are in various stages of maturity, producing approximately 30% of their full production potential.

These include:

- 60 hectares planted in 2018
- 43 hectares (dryland) planted in 2019
- 62 hectares planted in 2020

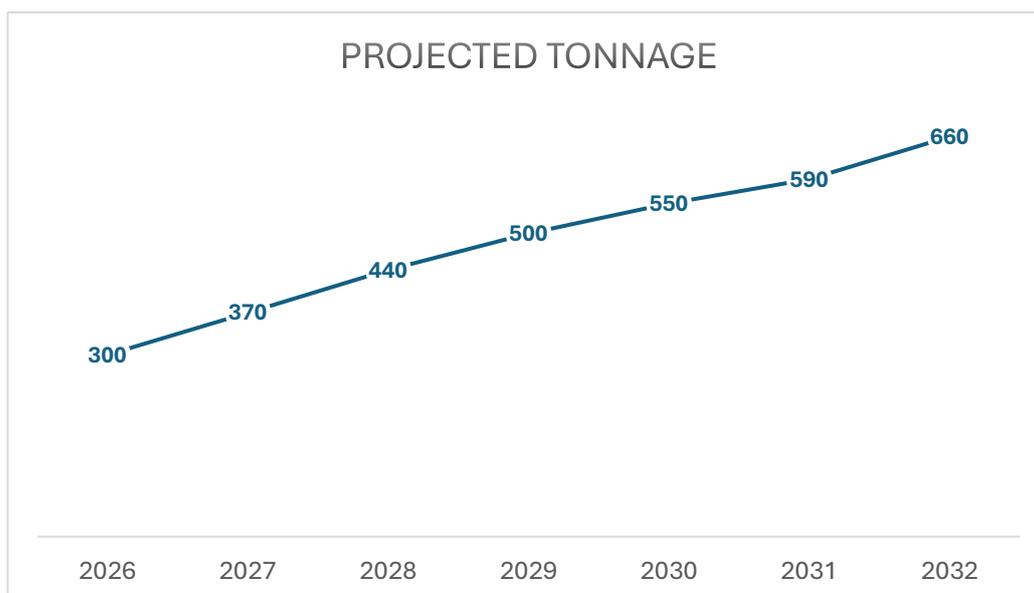
These orchards are expected to reach full maturity progressively from 2026 onwards.

Macadamia trees require more than eight years to reach full production. As such, the Group remains in a structured growth phase, with increasing yield contributions expected over the coming years.

2. Production Outlook

Production is projected to increase by approximately **12%–25% per annum**, depending on orchard age and site-specific conditions, as immature orchards move up the yield curve.

- Based on current operational assumptions, the South African operations are expected to reach break-even production levels of approximately 480 tonnes as orchards mature. as illustrated in the graph below.



Projected tonnage for the next seven years

This growth trajectory is supported by secured water rights for an additional 300 hectares, providing long-term expansion capacity.

3. Capital Expansion Projects

The Group continues to evaluate and implement capital investments designed to enhance productivity and reduce costs.

Irrigation Expansion

The 43 hectares of dryland orchards currently yield approximately 1 ton per hectare. The planned irrigation installation is expected to increase yields to approximately 3 tons per hectare over time.

Implementation is scheduled for completion by the end of 2026, subject to capital allocation and operational planning.

Irrigation will also enable fertigation, reduce fertiliser usage and labour costs and contributing to improved cost efficiency.

Lime Spreader Acquisition

The Group has secured a lime spreader, expected to be operational by March 2026.

Transitioning from Flo-lime to Dry-lime applications is expected to reduce fertilisation costs by approximately 32%, translating into an estimated 6% reduction in total operating expenses.

These investments are aligned with the Group's long-term strategy of operational excellence and cost control

4. Market Environment

The global macadamia market continues to recover following the COVID-19 period. Over the past two years, pricing has improved significantly.

The Group estimates average pricing for 2026 to remain stable, supported by improving demand conditions.

Total Kernel Recovery (TKR) remains consistently above regional averages. Higher TKR levels directly translate into improved returns, as producers are compensated based on kernel output rather than shell weight.

Maintaining strong TKR performance positions the Group within the quality premium segment of the market.

5. Operational Excellence

The Group continues to focus on sustainable and efficient farming practices:

- Structured orchard scouting programmes
- Biological pest management
- Night spraying to increase application effectiveness
- Regenerative farming practices
- Mulching and natural composting to improve soil health

Nitrogen usage has been reduced by approximately 10% year-on-year due to improved soil microbial activity and regenerative methods.

These initiatives contribute to both cost efficiency and long-term sustainability.

6. Outlook for 2026

The Group remains in a growth phase, with immature orchards progressively entering productive maturity while at the same time a cost reduction programme has been implemented in the Groups head office in The Netherlands.

Key focus areas for 2026 include:

- Completion of irrigation expansion planning
- Full integration of cost-saving initiatives

- Continued yield improvement
- Careful working capital management and restructuring of Invest International Subsidy loan
- Listing on NPEX, the Dutch SME stock Exchange

As production from immature orchards increases year-on-year, annual output is expected to grow steadily, supporting improved financial performance over the medium term.

The Group remains committed to disciplined capital allocation, sustainable farming practices, and long-term value creation for investors.

7. Risk Factors and Mitigation

The Group operates within the agricultural sector and is therefore exposed to a range of operational, financial, and market-related risks. The principal risks identified and the mitigation strategies in place are outlined below.

7.1 Climate and Weather Risk

Macadamia production is inherently sensitive to climatic conditions, including drought, excessive rainfall, flooding, and temperature variability. Extreme weather events may impact yield, quality, and operational continuity.

Mitigation measures include:

- Secured water rights to support current and future irrigation expansion
- Ongoing investment in irrigation infrastructure
- Implementation of regenerative farming practices to enhance soil structure and water retention
- Geographic positioning outside the area's most severely affected by the January 2026 flooding

No material damage was recorded at the Group's farming operations following the regional flooding in January 2026.

7.2 Commodity Price Risk

Macadamia pricing is influenced by global supply and demand dynamics, which may result in price volatility.

Mitigation measures include:

- Focus on maintaining premium Total Kernel Recovery (TKR) levels
- Strong quality positioning within the premium segment of the market
- Continued cost optimisation to protect margins during weaker pricing cycles
- Conservative forward pricing assumptions in financial planning

The Group maintains a disciplined and prudent approach to price forecasting.

7.3 Currency Risk

The Group generates revenue primarily in South African Rand (ZAR), while consolidated reporting and certain funding structures are denominated in Euro. Exchange rate fluctuations may impact reported results.

Mitigation measures include:

- A natural hedge between ZAR-denominated revenue and operating cost base
- Ongoing monitoring of EUR/ZAR exposure
- Regular review of currency sensitivity within financial planning

7.4 Working Capital and Liquidity Risk

The agricultural production cycle results in seasonal inventory build-up prior to revenue realisation, which may create temporary working capital pressure.

Mitigation measures include:

- Active cash flow monitoring and forecasting
- Phased capital expenditure aligned with liquidity position
- Controlled and flexible cost structure
- Ongoing review of funding capacity

As at 31 December 2025, the Group maintains adequate liquidity to meet its operational obligations.

7.5 Biological and Crop Health Risk

Pest infestations and plant diseases may negatively affect yield and product quality.

Mitigation measures include:

- Structured orchard scouting programmes
- Increased use of biological pest control solutions
- Night spraying practices to improve effectiveness of treatments
- Continuous monitoring and early intervention protocols

These measures support both yield stability and long-term orchard sustainability.

7.6 Market Concentration Risk

A significant portion of Group revenue is derived from macadamia nut sales, resulting in sector concentration exposure.

Mitigation measures include:

- Diversification through nursery operations
- Strategic progression toward value-chain participation
- Ongoing expansion of orchard maturity profile to strengthen production base

The Group remains focused on disciplined growth while maintaining operational resilience.

8. Post Balance Sheet Event

8.1 January 2026 Flooding in South Africa

In January 2026, severe flooding affected several agricultural regions in South Africa, including parts of the broader macadamia-producing areas.

The Group's farming operations in Louis Trichardt were not materially impacted and no structural or orchard damage was recorded. Production infrastructure, irrigation systems, and nursery operations remained intact.

However, the flooding did affect certain growers within the region. As a result:

- Short-term expansion plans by external growers have been temporarily delayed.
- Nursery sales have slowed as affected growers assess damage and liquidity.

While this has created short-term pressure on tree sales volumes, it is expected that replanting requirements and orchard rehabilitation in affected areas may support increased demand for quality nursery stock over the medium term.

The Group continues to monitor regional developments closely. No material financial impact on the consolidated position has been identified at this stage.

8.2 Market Position and Buyer Diversification

In preparation for the 2026 harvest cycle, and in view of strengthening price expectations and increasing projected volumes, the Group has engaged in a structured commercial evaluation process.

The Group has received formal commercial interest from three separate buyers for the purchase of its macadamia production.

This level of interest reflects the consistent quality of the Group's output, including strong Total Kernel Recovery (TKR) performance, and reinforces the Group's positioning within the premium segment of the market.

Management is carefully assessing commercial terms, pricing structures, and counterparty strength before committing production volumes. The presence of multiple interested buyers reduces concentration risk and supports disciplined pricing negotiations.

One of the prospective buyers represents a well-established South African agricultural corporation and has indicated strategic interest in potential cooperation with Welmac in relation to the development of a Nut-In-Shell (NIS) processing facility serving the broader Levubu region.

Discussions at this stage are exploratory in nature and no formal commitments have been entered into. However, such cooperation could provide Welmac with an opportunity to participate further along the value chain, subject to commercial viability and appropriate capital structuring.

There is no financial impact arising from these discussions at the reporting date.

Thank you for your trust and interest in WelMac B.V.

On behalf of the entire team

A handwritten signature in black ink, appearing to read 'N.F. Grooss', with a stylized flourish at the end.

N.F. Grooss

Director WelMac