Investor H1 Report 2026

Welgevonden B.V. – August 2026

WELMAC

Dear Investor,

We are pleased to present the unaudited half-year results of **Welgevonden Macadamia B.V.** for the six-month period ended **30 June 2026**.

The first half of 2026 was characterised by a significantly later macadamia harvest than originally anticipated. While this resulted in a substantial timing difference between budgeted and recognised revenue at 30 June 2026, the underlying agricultural performance of the Group has been particularly encouraging.

The Group originally budgeted production of approximately **300 tonnes** for the 2026 season. Harvesting was completed by beginning August 2026 and, although a portion of the crop still needs to pass through processing, management currently estimates approximately **360 tonnes of saleable macadamia nuts**. This represents production approximately **20% above the original budget** and a significant increase compared with the prior year.

The Group has also continued to implement its capital expansion programme. The planned lime spreader has been acquired, while installation of irrigation infrastructure across the Group's 43 hectares of dryland orchards is scheduled to commence in September 2026.

In addition, Welmac took an important step further along the macadamia value chain during the 2026 season by operating as a collection depot for surrounding growers. This initiative complements the Group's ongoing development of a proposed regional macadamia drying and cracking facility.

This report provides an overview of the Group's financial performance, operational developments, strategic initiatives and outlook for the remainder of 2026.

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.

Welmac Macadamia (Pty) Ltd

Welmac (Pty) Ltd is the Group's primary farming operation, located in the Louis Trichardt region of South Africa.

At acquisition in 2016, the farm comprised approximately 59 hectares of mature macadamia orchards. The Group currently has approximately **225 hectares of macadamia orchards**, providing a substantial production base for future growth.

A significant portion of these orchards remains in various stages of maturity and is expected to contribute increasing production volumes as the trees progress along their yield curves.

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

The nursery operation forms an important part of the Group's integrated agricultural platform and supplies macadamia trees for both internal orchard requirements and external customers.

The nursery provides the Group with access to high-quality planting material for the continued development of its own orchards while also providing an additional source of revenue and diversification.

Preliminary Financial Results – Six Months Ended 30 June 2026

The Group reports the following preliminary management results for the six months ended 30 June 2026:

	Actuals	**Actuals**	**Budget**
	01 January - 30 June 2026	**01 January - 30 June 2025**	**01 January - 30 June 2026**
Revenue	88 532	288 872	405 749
Operating costs	- 570 087	- 442 052	- 682 188
Head office costs	- 401 359	- 256 005	- 264 880
EBITDA	- 882 914	- 409 184	- 541 319
Depreciation & amortization		-	-
EBITDA	- 882 914	- 409 184	- 541 319
Financial income and expenses	- 79 684	- 68 964	- 72 972
Taxtion		-	-
Result after taxation	- 962 598	- 478 148	- 614 291

Balance Sheet	**01 January - 30 June 2026**	**01 January - 30 June 2025**
Intangible fixed assets	26 999	38 999
Tangible fixed assets	8 733 248	7 488 605
Financial fixed assets	316 513	215 041
Total fixed assets	**9 076 760**	**7 742 645**
Inventories	52 477	74 981
Receivables	- 14 789	1 593 569
Other current assets	-	189 462
Cash at bank	49 187	29 326
Total current assets	**86 875**	**1 887 337**
Total	**9 163 635**	**9 629 982**
Shareholder equity	4 363 280	2 590 304
Debt to shareholders	- 1 375 009	- 3 104 576
Non-current liabilities	- 11 078 470	- 6 848 869
Current liabilities	- 1 073 435	- 2 266 840
Total	**- 9 163 634**	**- 9 629 982**

Explanation of the Half-Year Results

Revenue

Total net revenue for the six months ended 30 June 2026 amounted to **€88,532**, compared with a budget of **€405,749**.

The principal reason for the variance was the timing of the 2026 macadamia harvest rather than a deterioration in underlying production.

Later seasonal rainfall resulted in the nuts dropping considerably later than originally anticipated. This extended the harvesting period and consequently delayed processing, delivery and recognition of the associated sales revenue.

Macadamia nut sales recognised by 30 June 2026 therefore amounted to **€61,777**, compared with the budgeted amount of **€371,494**.

The half-year revenue position should consequently be viewed primarily as a timing difference. A significant portion of the 2026 crop had not yet progressed through the processing and sales cycle at the half-year reporting date.

The underlying production result subsequently proved considerably stronger than budget, with estimated saleable production for the season now expected to be approximately 360 tonnes.

Cost Management

Operating expenses for the six-month period amounted to approximately **€971,446**, compared with the budget of **€947,068**.

Despite the extended harvesting period and delayed revenue cycle, overall operating expenditure remained relatively close to budget.

Several key farming expenditure categories were below budget, including salaries and wages, fertiliser and chemicals, repairs and maintenance, and nursery expenses.

Head-office costs were above budget during the period and represented the primary contributor to the overall expenditure variance.

Management remains focused on disciplined cost control while continuing to make the operational investments necessary to support increasing orchard productivity.

Half-Year Result

The Group recorded a loss before taxation of approximately **€962,598** for the six months ended 30 June 2026, compared with a budgeted loss of approximately **€614,291**.

The variance should be considered in the context of the delayed harvest and associated timing of revenue recognition.

A substantial portion of the 2026 crop had not yet been processed and sold by 30 June. The financial benefit associated with these volumes is therefore expected to be reflected predominantly during the second half of the financial year.

Financial Position

As at 30 June 2026, the Group reported total assets of approximately **€9.16 million**.

The asset base remains predominantly agricultural in nature, including:

- approximately **€5.95 million in biological assets**; and
- approximately **€2.78 million in property, plant and equipment**.

Current assets amounted to approximately **€86,875**, while current liabilities amounted to approximately **€1.07 million**, including a bank overdraft of approximately **€482,464**.

The Group's funding structure continues to include shareholder funding, financial lease liabilities and other long-term financing.

The seasonal nature of macadamia farming results in significant working capital movements during the year, as production and harvesting expenditure is incurred before the corresponding crop revenue is realised.

The later-than-normal 2026 harvest increased this timing difference during the first half of the year.

Management continues to closely monitor cash flow, working capital requirements and the Group's longer-term funding structure.

Operational Developments

1. Orchard Maturity and Production Growth

The Group remains in a structural production growth phase.

Approximately **165 hectares of Welmac's orchards** remain in various stages of maturity, comprising:

- 60 hectares planted in 2018;
- 43 hectares of dryland orchards planted in 2019; and
- 62 hectares planted in 2020.

As these orchards mature, their contribution to annual production is expected to increase progressively.

The strong 2026 harvest provides encouraging evidence of this developing production capacity.

---

2. 2026 Harvest and Production Performance

The 2026 macadamia season delivered a particularly strong operational result for Welmac.

The Group originally budgeted approximately **300 tonnes** of production for the 2026 season.

Harvesting was completed by **12 August 2026**. While a portion of the harvested crop still needs to pass through processing, management currently estimates approximately **360 tonnes of saleable macadamia nuts** following processing.

This represents approximately **60 tonnes, or 20%, above the original 2026 production budget**.

It also represents a substantial increase from the **239 tonnes produced in 2025**.

This performance is particularly encouraging given the Group's orchard maturity profile and demonstrates the increasing productive capacity of the younger orchard blocks as they progress along their yield curves.

The above-budget harvest provides a positive foundation for the Group's full-year performance and longer-term production growth.

Nuts in drying bins

Workers sorting nuts

Nuts ready to be loaded onto truck to the processing plant

---

3. Capital Expansion Projects

The Group continues to implement targeted capital investments aimed at increasing orchard productivity, improving operating efficiency and reducing the long-term cost of production.

Three key capital projects have progressed during 2026, focusing on cost efficiency, increased production potential and improved post-harvest handling capacity.

Lime Spreader

The Group has completed the acquisition of a **lime spreader**, implementing one of the planned capital investments identified during the previous reporting period.

The equipment allows Welmac to transition from Flo-lime to Dry-lime applications.

Based on the original project assessment, the transition is expected to reduce lime-related fertilisation costs by approximately **32%**, with an estimated reduction of approximately **6% in total operating expenses**.

In addition to the direct cost benefit, the equipment provides greater control over the timing and efficiency of lime applications and supports the Group's broader focus on improving soil management and production efficiency.

Irrigation of Dryland Orchards

The Group is progressing with the planned irrigation of its **43 hectares of dryland macadamia orchards**.

Installation of the irrigation infrastructure is scheduled to commence in **September 2026**.

The dryland orchards currently yield **below 1 tonne per hectare**. Following the introduction of irrigation and as the orchards mature, production is expected to increase towards approximately **3 tonnes per hectare**.

At these production assumptions, the 43-hectare block has the potential to produce approximately **129 tonnes per annum** over time, compared with current production of less than 43 tonnes.

Irrigation will also enable **fertigation**, allowing nutrients to be applied more efficiently through the irrigation system. This is expected to reduce fertiliser usage and labour requirements while supporting improved tree health and productivity.

The investment therefore has the potential to increase production while simultaneously improving cost efficiency. Importantly, the project unlocks additional production potential from the Group's existing planted hectares without requiring the establishment of additional orchard area.

New Nut Sorting Table

During 2026, the Group also invested in a **new nut sorting table** to improve the efficiency of post-harvest handling.

As production volumes continue to increase, sufficient sorting and handling capacity is important to ensure that harvested nuts can move efficiently through the post-harvest process. The additional sorting capacity was introduced to **prevent bottlenecks during**

peak harvesting periods and improve the overall flow of nuts through the sorting process.

The investment supports the Group's increasing production volumes by improving operational capacity and reducing the risk of delays between harvesting, sorting and subsequent processing.

Together, the lime spreader, irrigation expansion and additional sorting capacity demonstrate the Group's continued focus on ensuring that its **operational infrastructure develops in line with increasing orchard production**.

---

4. Market Environment and Product Quality

Welmac continues to focus on maintaining premium-quality macadamia production.

Total Kernel Recovery remains an important measure of the quality and commercial value of the Group's crop. Higher kernel recovery translates into stronger commercial returns, as the underlying value of the crop is ultimately determined by the usable kernel recovered rather than shell weight alone.

Maintaining strong product quality remains central to the Group's strategy as production volumes increase.

The Group also continues to develop relationships with buyers and other participants within the regional macadamia industry to support competitive pricing and reduce concentration risk.

---

5. Operational Excellence and Sustainability

The Group continues to focus on farming practices that support productivity, sustainability and long-term cost efficiency.

Key initiatives include:

- structured orchard scouting;
- biological pest management;
- night spraying to improve application effectiveness;
- regenerative farming practices;
- mulching and natural composting;
- improved soil health management; and
- optimisation of fertiliser and chemical applications.

These practices are intended to support healthy orchards, improve input efficiency and protect the Group's productive agricultural asset base over the long term.

Strategic Developments

6. Development of Regional Depot Operations

During the 2026 harvest season, Welmac expanded its role within the regional macadamia industry by operating as a **collection depot for surrounding growers**.

Participating farmers were able to deliver harvested macadamia nuts directly to the Welmac farm. The volumes were then consolidated and transported from Welmac to the cracking facility.

By consolidating volumes, Welmac was able to improve logistical efficiency and benefit from **reduced transport rates**.

The initiative also provided valuable practical experience in receiving, handling and coordinating third-party macadamia volumes.

Importantly, operating as a depot enabled the Group to strengthen relationships with surrounding growers and obtain greater practical insight into third-party production volumes within the region.

The depot operation is strategically aligned with Welmac's longer-term objective of participating further along the macadamia value chain and represents an important first step toward developing the Group as a broader regional service and processing platform.

---

7. Proposed Macadamia Drying and Cracking Joint Venture

During 2026, the Group continued to progress plans for the development of its own regional macadamia processing capacity.

The project represents an important next step in Welmac's longer-term strategy of increasing its participation in the macadamia value chain. The proposed facility is intended to support Welmac's own increasing production volumes while also creating capacity to provide processing services to surrounding macadamia growers.

Following further feasibility work, management is considering implementing the project in phases, with the initial focus on establishing a **drying facility in 2027**.

Phase 1 – Drying Facility

The first phase of the project would establish the drying, intake, handling and storage infrastructure required to commence operations during the 2027 harvest season.

The estimated capital requirement for the first phase is approximately **R10.6 million**, with initial processing throughput projected at approximately **770 tonnes**.

The establishment of Welmac's own drying capacity would represent an important development for the Group. In addition to processing its own increasing crop, the facility would provide an opportunity to generate recurring processing income from third-party growers in the surrounding region.

The phased approach also allows the Group to establish the processing operation with a lower initial capital requirement while building operational experience and developing the customer and grower base before committing to further downstream processing infrastructure.

Building on the 2026 Depot Operation

The depot operation implemented during the 2026 harvest season provided an important first step towards this strategy.

Surrounding growers were able to deliver their macadamia nuts directly to the Welmac farm, from where volumes were consolidated and transported to the existing processing facility.

This provided Welmac with practical experience in receiving, handling and coordinating third-party volumes while strengthening relationships with growers in the surrounding region.

The consolidation of volumes also resulted in improved logistical efficiency and reduced transport rates.

The experience gained during the 2026 season provides a valuable operational foundation for the planned drying facility and supports the Group's objective of developing Welmac as a regional macadamia processing hub.

Increasing Processing Volumes

The business model currently assumes initial drying throughput of approximately **770 tonnes in 2027**.

This is expected to comprise a combination of Welmac's own production and volumes received from surrounding growers.

Welmac's own production is expected to increase progressively as the Group's younger orchards mature and productivity investments are implemented. The strong 2026 harvest provides further support for this growth trajectory, with approximately **360 tonnes of saleable production currently estimated for the season compared with the original budget of 300 tonnes**.

The combination of increasing internal production and third-party grower volumes is expected to provide the foundation for increasing utilisation of the drying facility.

Phase 2 – Future Cracking Facility

Subject to the successful implementation of the drying operation, the current development plan provides for the addition of a **cracking facility during 2028**.

The estimated capital requirement for the second phase is approximately **R13.2 million**, bringing the currently estimated total capital investment for the complete drying and cracking operation to approximately **R23.9 million**.

Separating the development into two phases allows the Group to commence processing activities and generate drying revenue before undertaking the larger cracking investment.

It also provides management with an opportunity to establish operating procedures, develop third-party volumes and assess the performance of the drying operation before progressing to the next phase.

Once both phases are operational, the facility would provide an integrated drying and cracking service, further increasing Welmac's participation in the macadamia value chain.

Financial and Strategic Potential

The drying facility is expected to create an additional recurring revenue stream for the Group while improving the utilisation of Welmac's existing agricultural infrastructure and strategic location.

Under the current feasibility model, the drying operation is projected to generate approximately **R5.2 million of revenue in its first year of operation**, based on projected throughput of 770 tonnes.

As processing volumes increase and the cracking facility is added, the potential revenue base of the processing operation is expected to expand significantly.

The current phased financial model indicates an estimated shareholder return of approximately **15%**, although this remains dependent on final processing volumes, capital expenditure, operating costs and financing arrangements. The financial projections remain preliminary and will be updated as the project structure and financing are finalised.

Financing and Implementation

The financing structure for the project is currently being finalised.

An important advantage of the phased development is that the full capital requirement does not need to be committed at commencement. The initial funding requirement can be focused on establishing the approximately **R10.6 million drying facility**, with the larger cracking investment deferred until the second phase.

Management is evaluating the appropriate combination of financing and strategic participation for the project. Discussions with potential strategic partners are ongoing; however, the final ownership, financing and commercial arrangements have not yet been concluded.

The Group will continue to progress the project during the remainder of 2026 with the objective of commencing drying operations during the **2027 harvest season**.

Long-Term Strategic Value

The development of processing capacity represents an important step in Welmac's evolution from primarily a macadamia producer towards a more vertically integrated agricultural business.

The Group's strategy is to progressively build participation across **production, aggregation, drying and, in a later phase, cracking**.

The drying facility represents the immediate priority and provides an opportunity to leverage Welmac's increasing production, existing infrastructure and relationships with surrounding growers.

Over time, management believes that developing regional processing capacity has the potential to generate additional recurring income, improve the utilisation of the Group's existing asset base and create meaningful long-term value for investors.

Outlook for the Remainder of 2026

The outlook for the remainder of 2026 is supported by the strong underlying production performance achieved during the season.

Management's principal priorities for the remainder of the year include:

- completing processing and sale of the remaining 2026 crop;
- converting the above-budget harvest into second-half revenue and cash flow;

- commencing installation of irrigation infrastructure on the 43-hectare dryland block;
- continuing to realise operational benefits from the newly acquired lime spreader;
- maintaining disciplined cost and working capital management;
- continuing improvements in orchard productivity;
- progressing the proposed processing facility and joint venture;
- finalising an appropriate financing structure for the processing project; and
- building on the grower relationships established through the 2026 depot operation.

The estimated **360 tonnes of saleable production for 2026** represents approximately **20% growth above budget** and approximately **51% growth compared with the 239 tonnes produced during 2025**.

This represents an encouraging step in the Group's longer-term production trajectory.

As younger orchards mature and planned productivity investments are implemented, management expects the agricultural operation to generate progressively higher production volumes.

The proposed processing facility could complement this growth by creating an additional source of income and enabling Welmac to participate in a greater portion of the macadamia value chain.

Risk Factors and Mitigation

Climate and Weather Risk

Macadamia production is inherently exposed to rainfall variability, drought, flooding and temperature fluctuations.

The delayed 2026 harvest illustrates the potential effect of weather patterns on the timing of harvesting and revenue recognition, even where overall crop production remains strong.

The Group continues to mitigate these risks through irrigation investment, water management, regenerative farming practices and active orchard management.

Commodity Price Risk

Macadamia pricing is influenced by global supply and demand and may fluctuate between seasons.

The Group seeks to mitigate this exposure by maintaining premium product quality, focusing on strong kernel recovery, controlling production costs and maintaining relationships with multiple market participants.

Working Capital and Liquidity Risk

The seasonal agricultural cycle results in expenditure being incurred before the corresponding crop revenue is realised.

The later 2026 harvest increased this timing difference during the first half of the year.

Management continues to actively monitor cash flow forecasts, working capital requirements, capital expenditure and funding capacity.

The financing of the proposed processing facility is being considered separately within the context of the Group's overall funding position to ensure that the project is appropriately structured before commitments are made.

Biological and Crop Health Risk

Pests and plant diseases remain an inherent agricultural risk.

Welmac continues to mitigate these risks through structured orchard scouting, biological pest-control programmes, night spraying and early intervention.

Processing Project Risk

The proposed processing facility remains subject to development, funding and execution risks.

Key variables include final capital expenditure, throughput volumes, operating costs, financing terms and the ability to secure sufficient third-party processing volumes.

Management is addressing these risks through detailed feasibility modelling, evaluation of alternative funding structures, engagement with potential strategic partners and continued development of relationships with surrounding growers.

Subsequent Developments

Completion of the 2026 Harvest

Subsequent to the half-year reporting date, harvesting of the 2026 macadamia crop was completed by **12 August 2026**.

A portion of the crop still requires processing before final saleable volumes can be confirmed.

Based on current estimates, management expects approximately **360 tonnes of saleable macadamia nuts** following completion of processing.

This compares favourably with the original 2026 budget of approximately **300 tonnes** and confirms that the low level of macadamia revenue recognised at 30 June was primarily attributable to the timing of the harvest and sales cycle rather than a shortfall in underlying production.

Irrigation Expansion

Installation of irrigation infrastructure across the Group's **43 hectares of dryland orchards** is scheduled to commence in **September 2026**.

The project represents an important investment in increasing production from the Group's existing planted area and improving long-term operating efficiency.

Conclusion

The first half of 2026 should be considered within the context of an unusually late harvest season.

Although the delayed harvest resulted in revenue and the reported half-year result being materially behind budget at 30 June, the underlying agricultural performance of the Group has been strong.

The estimated 2026 saleable crop of approximately **360 tonnes is 20% above the original production budget** and represents a substantial increase from the prior year.

The Group is also making tangible progress with investments designed to support the next phase of growth. The lime spreader has been acquired, irrigation of the dryland orchards is scheduled to commence, and the successful operation of Welmac as a regional depot has expanded the Group's practical involvement within the macadamia value chain.

At the same time, development of the proposed regional drying and cracking facility represents a potentially significant strategic opportunity.

Preliminary feasibility modelling indicates attractive potential returns, while the combination of increasing Welmac production and potential third-party processing volumes provides a foundation for a scalable regional processing operation.

The financing and final ownership structure of the project are still being evaluated, and the Group will maintain a disciplined approach before making final commitments.

Welmac remains focused on **increasing production, improving operational efficiency, maintaining financial discipline and progressively expanding its participation in the macadamia value chain**.

We thank our investors for their continued trust and support.

On behalf of the entire Welgevonden Macadamia B.V. team