

ONE ACRE FUND

2026 Q2 Performance Report

In Q2 several One Acre Fund countries began their harvest season. A severe El Niño forecast for later this year could bring extreme weather across East and Southern Africa, threatening future harvests. We are proactively preparing farmers to strengthen resilience through proactive adaptation measures, with further details in this quarter's Management Discussion.

Tree planting remains central to our climate resilience strategy. We're on track to distribute over 140 million trees this year, helping farmers withstand increasingly severe weather shocks. Recent [Mulembe News](#) coverage highlights a Kenyan smallholder couple whose tree nursery is supporting their livelihoods while encouraging wider community tree adoption.

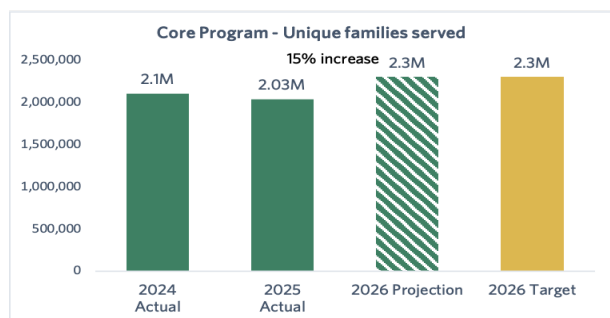


Ngoma District - Rwanda

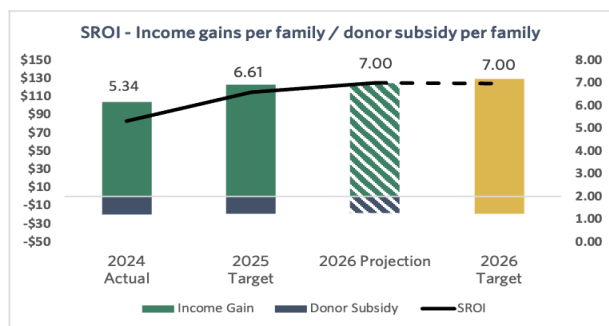
"One Acre Fund is helping us get better markets for our harvest, and we are very happy because the price is higher than what we used to get from middlemen."

-Shakiri Mukamana

CORE PROGRAM PERFORMANCE



Scale On Track: We expect to reach 2.3 million farmers via our core program. Kenya and Rwanda are anticipated to surpass targets, offsetting lower projected scale in Nigeria as we slow expansion to address the prior season's repayment challenges.

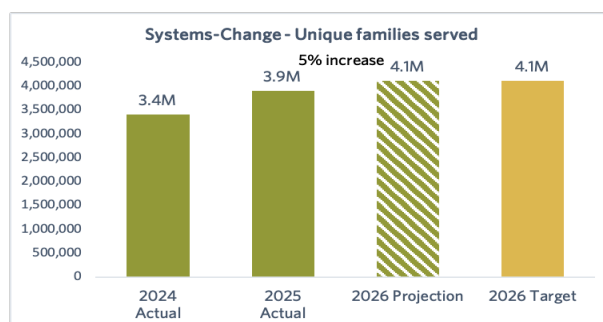


SROI On Track: Forecast reaching an SROI of \$7:1, supported by scale efficiencies and continued investments in training and compliance, though El Niño and trade disruptions could reduce impact and increase program costs later in the year.

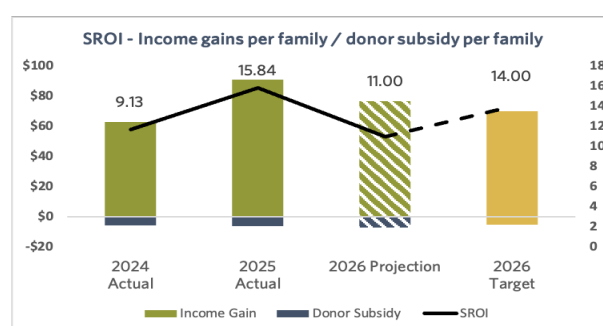
Field-Building Unit

We are partnering with the Eastern Africa Farmers Federation (EAFF) to elevate smallholder priorities in regional decision-making, advancing policies that strengthen farm finance, expand carbon market access, and improve cross-border agricultural trade for farmers.

SYSTEMS-CHANGE PERFORMANCE



Scale On Track: We project reaching 4.1M farmers through our systems-change work (largely public/private partnerships). Growth is supported by steady expansion of our agroforestry platform, which is projected to increase adopters by roughly 5% relative to 2025.



SROI Off Track: Systems-change SROI is below target at 11, reflecting reduced impact from lower trees planted per farmer and weaker market access margins in Kenya due to delayed avocado oil production and slowed macadamia demand.

Research and Development

Our Rwanda Forest Landscape Restoration pilot is demonstrating how intensive agroforestry can restore degraded farmland. Since 2023, it has grown to 12,000 farmers, who have planted more than 700,000 trees across vulnerable landscapes.

KEY CHALLENGES: Middle East Conflict and Input Volatility

Geopolitical trade disruptions linked to conflict in the Middle East continue to create cost pressures across our operations, driving higher fertilizer, fuel, and transport expenses. While advance procurement has largely protected our 2026 distribution seasons to date, we anticipate greater margin pressure in the second half of the year as new purchases reflect elevated global prices. We currently project approximately \$7-9 million in losses, including at least a \$5 million negative impact on profit margin from higher input, logistics, and transport costs, alongside \$2-4 million in additional currency losses. Although these headwinds are expected to be manageable through above-target fundraising performance, teams are continuing to implement mitigation measures. We are also investing in longer-term trials of lower-cost alternatives to imported fertilizers — including biofertilizers, seed inoculants, and decentralized ammonia production — to reduce future exposure to global supply disruptions.



Emmanuel Umaru Dada - Niger State, Nigeria

One Acre Fund tracks our performance along the key metrics of scale, repayment, impact, and sustainability. As most of these metrics are not finalized until year-end, we have provided in this section a brief discussion of our latest 2026 scale projections. We plan to reach more than 2.3 million farmers through our core program this year. Growth will continue to be anchored by our mature Rwanda program, which accounts for roughly half of our annual core scale, while our Burundi and Malawi teams are working to deliver strong double-digit year-over-year growth. Alongside our core program, we are on track to serve an additional 4.1 million farmers through our systems-change platform, encompassing our rural retail, market access, tree, and extension business units, where we typically co-implement programs with public and private sector partners.

Nigeria: Since launching in 2018, Nigeria has become one of One Acre Fund’s fastest-growing country programs, reflecting the significant opportunity to expand high-impact agricultural services in Africa’s largest smallholder market. Following macroeconomic pressures and erratic weather in 2025, we have refined our 2026 growth strategy to prioritize more conservative, sustainable scale over rapid geographic expansion. Rather than expanding to additional operating sites as originally planned, we are concentrating operations in high-density areas to strengthen repayment performance, improve operational efficiency, and build farmer trust before resuming faster expansion. Alongside this revised approach, priorities for the year include refining our rural retail model to reach farmers more efficiently, and separately, strengthening digital weather advisory and soil health services to improve farmer outcomes and support long-term retention. While this measured approach moderates near-term scale growth, it positions the program for stronger, more sustainable expansion in the years ahead.

Scale milestones	2024 Actual	2025 Actual	2026 Target	2026 Projections	Status vs Target
Core farmers served*	2,100,000	2,035,700	2,331,100	2,340,100	On track
Kenya	262,000	184,100	176,200	240,000	On track
Rwanda	1,272,000	1,095,500	1,195,100	1,200,000	On track
Burundi	351,000	485,400	583,800	600,000	On track
Malawi	142,000	178,200	200,500	190,000	Slightly behind target
Nigeria	60,000	77,700	147,400	83,700	Behind target
Systems-Change (# unique farmers)	3,400,000	3,889,400	4,100,000	4,100,000	On track
Systems-Change (# touchpoints)**	6,836,700	7,345,700	6,976,700	7,665,800	On track
Rural retail touchpoints	987,000	870,000	764,700	828,200	
Market access touchpoints	56,200	127,700	238,500	355,000	
Tree touchpoints	2,768,000	3,660,000	3,745,800	3,686,800	
Extension & other touchpoints	3,025,500	2,688,000	2,182,700	2,795,800	
Trees surviving after 1 year	46.6M	70.9M	72M	72M	On track

*Core scale includes Zambia farmers for 2024-2026, where we are implementing an initiative that includes providing core program services to farmers in our carbon-focused Zambia pilot. Additionally, we operate a start-up program in DRC. Therefore, our core program 2026 projection includes 24,100 Zambia farmers and 2,300 farmers in DRC.

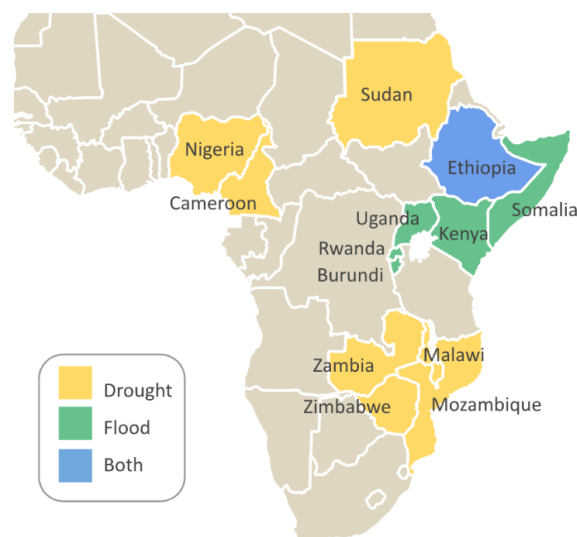
**The provided touchpoint projections represent the total number of interventions delivered; importantly, a single farmer can experience multiple touchpoints in a given season.



I. Management Discussion: The Impending El Niño Shock

Tree seedling distribution in Malawi

Global forecasts indicate a severe El Niño developing in late 2026, posing a significant threat to smallholder agriculture across East and Southern Africa. The most recent (2023-24) El Niño pushed 68 million people across Southern Africa into food insecurity and, in Zambia alone, destroyed more than two-fifths of the country's planted area. Current projections indicate intense flooding across East Africa from September through January and severe drought across Southern Africa from November through March, placing millions of farming households at heightened risk as they enter the next planting season. Combined with continued volatility in fertilizer and fuel prices, these conditions are expected to place unprecedented pressure on farmer livelihoods, threatening harvests, household incomes, and regional food security in the coming season.



Preparing Farmers Before the Shock

While climate shocks cannot be controlled at the farm level, early preparation can substantially reduce their impacts on farmers and their livelihoods. Over the past decade, One Acre Fund has developed an integrated climate resilience shield designed to help smallholder farmers anticipate, withstand, and recover from increasingly frequent environmental shocks. Our approach combines complementary interventions that strengthen resilience before, during, and after extreme weather, including investments in plant health, soil health, income diversification, and financial safety nets.

We are proactively adapting our climate resilience framework to address the specific risks expected across our operating regions from the forecasted El Niño. Key preparedness measures include:

- **Strengthening farm adaptation:** We are tailoring agronomic recommendations to anticipated drought and flood conditions, including climate-smart crop strategies, enhanced pest and disease preparedness, and targeted seed distribution in the highest-risk areas.
- **Expanding farmer communications:** Expanding farmer communications: Through field officers, radio, SMS, and other communication channels, farmers will receive timely weather advisories and practical guidance to help them prepare for and respond to changing conditions throughout the season.
- **Increasing financial protection:** We are expanding investments in insurance and complementary emergency preparedness measures to help vulnerable households recover more quickly if severe weather results in significant crop or livelihood losses.

Our Insurance Safety Net

Strengthening on-farm resilience is our first line of defense, but extreme weather can still overwhelm even well-prepared farming households. For this reason, insurance serves as a critical safety net in our climate resilience framework, protecting farmers from catastrophic losses and enabling them to recover more quickly after a shock. Since launching loan insurance in Kenya in 2012, One Acre Fund has expanded coverage from approximately 75,000 farmers to a projected 2.3 million farmers by the end of 2026, making us one of East Africa's largest facilitators of smallholder input insurance. Since inception, our insurance offerings have enabled the forgiveness of more than \$11.8 million in agricultural loans, helping farmers recover from drought, flooding, pests, and other climate-related shocks without carrying unsustainable debt into the following season.

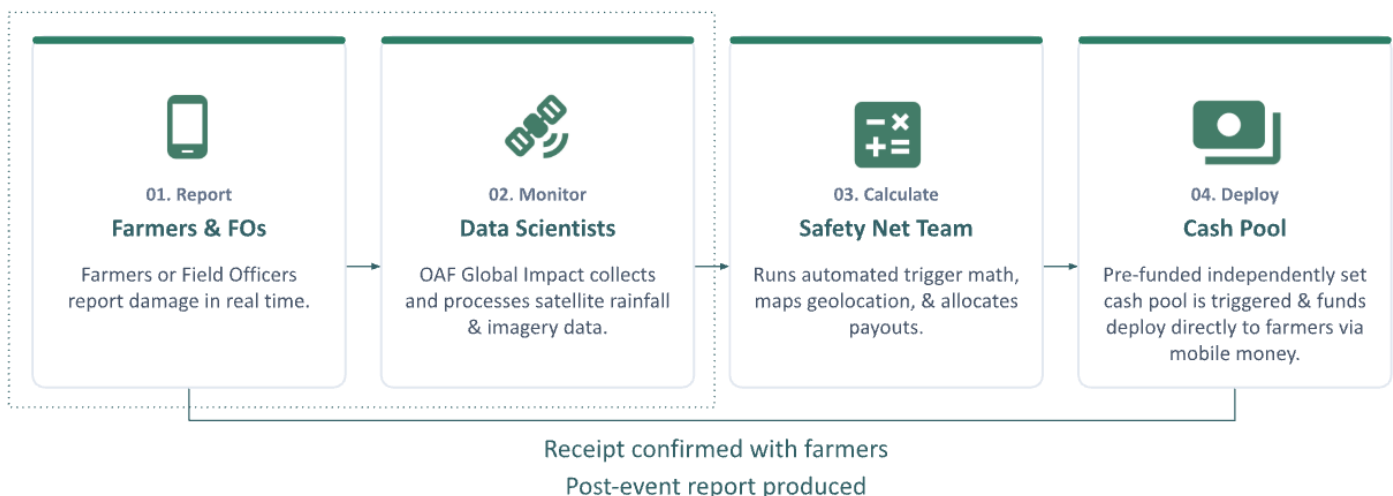
To keep coverage affordable for millions of smallholder farmers, our insurance is designed to protect farmers' ability to recover and continue farming rather than to compensate for every loss. In particular, our current large-scale offering provides support through loan forgiveness, cash payments, or credit for future seasons following severe crop losses – but it does not fully replace lost harvest income or cover damage to household assets caused by extreme weather. These remaining gaps are particularly important during major climate events such as the forecasted 2026–27 El Niño, where families may face multiple, overlapping losses.

Looking Ahead: Expanding Protection Through a Disaster Relief Fund

To address these remaining protection gaps, we are raising an additional \$3.4 million in funding to establish a dedicated Disaster Relief Fund for the anticipated severe El Niño season. The fund will complement our existing insurance program by providing rapid emergency cash transfers to households experiencing severe climate-related losses that extend beyond the scope of traditional crop insurance. Leveraging One Acre Fund's existing insurance infrastructure, pre-verified farmer databases, and mobile money systems, emergency payments can be deployed within days of a triggering event — far faster than traditional humanitarian response mechanisms. This approach is grounded in evidence that timely cash transfers delivered before or immediately after climate shocks help households avoid negative coping strategies, strengthen food security, and accelerate recovery. Beyond helping households recover, rapid cash assistance also supports local economies by enabling families to continue purchasing goods and services from nearby businesses.¹

How it works:

In parallel to detect shock early



The process is designed to run in hours, not days, to allow funds deployment where and when needed the most.

¹ GiveDirectly's [Kenya program](#) has shown that cash transfers have led to increased consumption, improved psychological well-being, and reductions in poverty. As another example, a [landmark study](#) published by the World Bank evaluated cash transfers in drought-affected areas in Niger, and showed that the cash injection allowed families to smooth income and protect agricultural earnings without selling off tools or livestock.

The fund will initially prioritize the highest-risk areas across Kenya, Malawi, Nigeria, Rwanda, and Zambia, where large numbers of insured farmers face the greatest exposure to forecasted drought and flooding. We estimate that of the roughly 16% of One Acre Fund clients in these high risk areas, ~24% — or 92,000 — will receive direct emergency cash injections. Payout amounts will be determined based on several factors, including the country and nature of the shock. We are actively seeking philanthropic partners to help establish this fund and welcome the opportunity to discuss the initiative further. If severe weather proves less extensive than anticipated, any unused funding would remain ring-fenced to establish a permanent, shock-responsive emergency cash transfer facility for future climate emergencies.

Conclusion

As farmers prepare for a potentially severe El Niño season, our priority is ensuring that households have the tools and support needed to withstand this immediate shock while continuing to invest in productive, resilient livelihoods. By strengthening our climate resilience services — from climate-smart agronomy and improved weather advisories to enhanced insurance solutions and emergency response mechanisms — we aim to protect farmers' harvests, and build stronger foundations for long-term prosperity. We remain deeply grateful to our funding partners as we work alongside farming communities to prepare for this critical season, and strengthen resilience against future challenges.



APPENDIX 1 - Unaudited, Preliminary 2026 Q2 YTD Financials: At Q2, One Acre Fund remained financially resilient despite Middle East-driven supply chain disruptions and rising transportation costs. We closed with \$21.0M in Net Income, \$13.3M favorable to budget. Despite \$7-9M in anticipated unbudgeted costs due to macro challenges, strong grant performance and operational measures are expected to support meeting or exceeding our \$10M full-year Net Income target, maintaining resources for working capital, capex, and reserves.

Core Program - One Acre Fund direct services	Budget	Actual	Variance	% Variance
Farmer revenue	\$53,218,049	\$59,894,313	\$6,676,265	13%
Inputs (seed, fertilizer, solar lamps, etc.)	-\$42,120,195	-\$44,821,145	-\$2,700,950	-6%
Allowance for doubtful accounts	-\$2,999,421	-\$2,861,315	\$138,106	5%
Associated costs (crop insurance, transport, storage)	-\$7,985,347	-\$5,611,699	\$2,373,648	30%
Interest Expense	-\$1,742,204	-\$1,539,874	\$202,330	12%
Field operations costs (primarily salaries)	-\$12,563,007	-\$15,556,018	-\$2,993,012	-24%
Program support (primarily HQ costs, marketing and support depts.)	-\$9,519,314	-\$8,807,100	\$712,214	7%
Core Program Overhead Allocation	-\$1,659,010	-\$1,451,405	\$207,605	13%
Budget Buffer	-\$1,375,000	\$0	\$1,375,000	n/m
Core Program Total	-\$26,745,449	-\$20,754,243	\$5,991,206	22%
Systems Change - One Acre Fund for countries	Budget	Actual	Variance	% Variance
Farm input revenue	\$31,255,529	\$22,943,292	-\$8,312,237	-27%
Farm input costs	-\$23,938,520	-\$20,182,271	\$3,756,249	16%
Associated costs (transport, storage, allowance)	-\$3,670,122	-\$2,207,654	\$1,462,468	40%
Staff, program and management support for input sales	-\$10,713,513	-\$12,058,419	-\$1,344,905	-13%
Farm Input Sales Shared Overhead Allocation	-\$283,608	-\$253,786	\$29,823	11%
Net Contribution from Farm Input Sales	-\$7,350,234	-\$11,758,837	-\$4,408,603	-60%
Extension, Seed and other (net of revenue)	-\$4,537,909	-\$5,173,501	-\$635,592	-14%
Systems Change Overhead Allocation	-\$489,332	-\$493,438	-\$4,106	-1%
Systems Change Total	-\$12,377,475	-\$17,425,776	-\$5,048,301	-41%
Field Building	Budget	Actual	Variance	% Variance
Government Relations	-\$2,041,128	-\$2,212,314	-\$171,186	-8%
Communications	-\$2,278,339	-\$783,817	\$1,494,522	66%
Field Building Overhead Allocation	-\$146,028	-\$136,177	\$9,851	7%
Field Building	-\$4,465,495	-\$3,132,308	\$1,333,187	30%
Research and Development	Budget	Actual	Variance	% Variance
Product and service R&D	-\$4,683,266	-\$3,199,127	\$1,484,139	32%
Scale innovation	-\$523,050	-\$176,458	\$346,592	66%
Strategy and Research	-\$279,179	-\$280,028	-\$849	0%
Monitoring & Evaluation	-\$3,256,223	-\$2,824,088	\$432,135	13%
Research and Development Overhead Allocation	-\$254,483	-\$228,253	\$26,229	10%
Research and Development	-\$8,996,201	-\$6,707,955	\$2,288,246	25%
Shared Services	Budget	Actual	Variance	% Variance
Systems and infrastructure	-\$4,681,188	-\$4,916,497	-\$235,309	-5%
Finance	-\$1,278,828	-\$1,354,488	-\$75,659	-6%
People Operations	-\$2,160,866	-\$2,457,967	-\$297,102	-14%
Fund development	-\$4,874,404	-\$5,900,580	-\$1,026,176	-21%
Supporting departments (Executive, Legal)	-\$2,585,937	-\$2,657,673	-\$71,735	-3%
Shared Services Overhead Allocation	-\$411,026	-\$345,052	\$65,974	16%
Shared Services	-\$15,992,249	-\$17,632,257	-\$1,640,008	-10%
Remeasurement gain/loss	-\$2,900,000	-\$1,570,897	\$1,329,103	46%
Other revenue	\$0	\$3,200,674	\$3,200,674	n/m
Deficit before fundraising	-\$71,476,870	-\$64,022,763	\$7,454,108	10%
Donor Contributions	Budget	Actual	Variance	% Variance
Grant Revenue (Donor-Intended basis)	\$82,114,402	\$85,490,842	\$3,376,440	4%
Grants to sub-grantees (Landesa, HGBF, Hello Tractor, Laterite, etc)	-\$2,926,140	-\$419,221	\$2,506,919	86%
(-) Board-designated contributions	-\$5,000,000	-\$5,000,000	\$0	0%
Total Revenue (Donor-intended basis)	\$161,966,276	\$167,095,101	\$5,128,825	3%
Total Expense	-\$159,254,884	-\$151,046,243	\$8,208,642	5%
Net Income (Donor-Intended basis)	\$7,711,392	\$21,048,859	\$13,337,467	173%
(+) Board-designated contributions	\$5,000,000	\$5,000,000	\$0	n/m
(-) Required Net Asset Additions	-\$10,000,000	-\$10,000,000	\$0	0%
Net Income after Required Net Asset Additions	-\$2,288,608	\$11,048,859	\$13,337,467	n/m
(+) Required Net Asset Additions	\$10,000,000	\$10,000,000	\$0	0%
(+) Restricted Grants Revenue	\$56,535,062	\$54,769,880	-\$1,765,182	-3%
(-) Restricted Cash Released	-\$50,787,330	-\$53,672,663	-\$2,885,333	-6%
Total Net Income (GAAP basis)	\$13,459,124	\$22,146,076	\$8,686,952	65%

Core Program: Farmer enrollment reached 1.66M, 0.6M above budget, driven by strong performance in Kenya and Rwanda that offset a deliberate scale reduction in Nigeria following 2025 repayment challenges. Farmer revenue reached \$59.8M, 13% above budget, while average transaction size was \$36 versus \$50 budgeted. Gross margin reached 25.1% (Budget: 21.0%), supported by strong Rwanda performance and favorable product mix in Burundi. The program recorded a net deficit of \$20.8M, \$6.0M favorable to budget, driven primarily by delayed distribution expenses and an unutilized budget buffer, though some costs are expected to catch up in Q3.

Systems Change: -\$17.4M net deficit, \$5.0M unfavorable to budget. Programs reached 1.2M unique farmers, 36% above budget, driven primarily by strong Tree program reach. Revenue-generating units underperformed, with Market Access margins pressured by Kenya avocado harvesting and export disruptions and weaker avocado/chili sales in Rwanda, partially offset by Rural Retail's \$172k favorable variance. Impact-first programs continued scaling, with Kenya's Tree program distributing 39M+ seedlings to 550,000 farmers, exceeding target. Overall performance also reflects strategic near-term investments to expand decentralized agroforestry operations and geopolitical pressures affecting agricultural markets.

Field Building: Closed with a \$3.1M net deficit, \$1.3M (30%) favorable to budget due primarily to strategically deferred communications events and sponsorships, some of which we expect to catch up in H2.

Research and Development: Closed with a \$6.7M net deficit, \$2.3M (25%) favorable to budget, driven by delayed rollout of strategic pilots, postponed impact surveys, and delayed hiring. We expect a portion of these deferred activities to catch up in H2 while continuing to test high-potential innovations to improve farmer resilience and reduce costs at scale.

Shared Services: Closed with a \$17.6M net deficit, \$1.6M (10%) unfavorable to budget, primarily due to strategic capacity investments, including Fund Development hires to support a growing grant pipeline and critical technology upgrades to our financial systems.

Remeasurement Gain: We recorded a net remeasurement loss of \$1.6M, \$1.3M favorable to budget, driven by proactive currency management and favorable FX movements across several operating markets, alongside lower-than-anticipated currency volatility in Malawi.

Other Revenue: We generated \$3.2M in unbudgeted revenue, driven by interest income on organizational reserves, one-off sales of excess fertilizer and non-core equipment, and insurance payouts in Malawi for previous-season crop losses.

Grant Revenue: Donor-intended revenue was \$85.5M, \$3.4M (4%) above budget, driven primarily by accelerated releases of restricted, program-related revenue. This favorable variance contributed to stronger-than-expected first-half financial performance. Subrecipient grant expenses were below budget due to delayed disbursements, with timing expected to normalize later this year.

Net Income (Donor-Intended Basis): Total net income was \$13.3M above budget at \$21.0M (Budget: \$7.7M), driven by strong operational margins, cost timing, and favorable treasury performance. While we expect some normalization in H2 as deferred expenses and elevated input costs materialize, we anticipate ending the year at or above our \$10M full-year Net Income target.