



Joint report by the chairman and chief executive

Overview

Whilst we thought the most challenging event in modern day history would be the COVID 19 pandemic, recent geopolitical developments have accelerated the reshaping of the global landscape, testing our resilience and tenacity.

We have been navigating the turbulent, and largely declining, demand cycle – particularly in the northern hemisphere - since late 2023. Shifting global dynamics and uncertainty are not good for business and have a negative bearing on investor sentiment for both construction and mining projects. While some commodities are faring better than others, the traditional sectors in which our products are operated are feeling the pressure and government infrastructure spending is at risk of being redirected to bolster military capacity in certain geographies.

The north American ADT market contracted by around 20% in 2025 compared to 2024, largely due to the USA trade tariffs, which have been a major theme for Bell since April 2025, impacting the group and the industry at large. Most ADTs sold on the world market are produced outside of the USA, and even USA manufacturers would be somewhat dependent on an external supply chain and, therefore, unable to escape the tariffs entirely.

Initially, when reciprocal tariffs were levied, we had some level of mitigation on ADTs manufactured at our production facility in Germany, out of which products were subject to a 15% tariff on import into the USA, compared with a 30% tariff on USA imports from South Africa. However, the tariff level impacting our market, products and company has been a moving target characterised by changes in reciprocal tariffs between different countries and the introduction of new and additional tariffs at short notice. This has been challenging to navigate with disrupted trading conditions and impacted shipping schedules resulting in higher than expected inventory levels.

During October 2025, the ADT product was impacted by a Section 232 medium heavy duty vehicle (MHDV) tariff of 25% in the USA, irrespective of origin, which replaced reciprocal tariffs. To avoid an immediate steep price increase to customers, we are currently absorbing a portion of these tariffs by reducing the selling price on machines sold into this market. Although this is eroding margin and not sustainable in the long term, we believe that most industry players face a similar challenge and that market prices will increase and reflect the full tariff over time.

Outside of the USA, we have seen the side effects of heightened geopolitical tensions impacting demand in some regions and a higher level of competition in markets due to products being redirected from the USA market.

The European market remained flat during 2025 with subdued levels and while we are cautiously optimistic that we might begin to see some uptick across the region in 2026, this is dependent largely on the extent of global tensions.

Compounding the tariff situation, we have also had to weather significant exchange rate volatility through 2025 amid the global turmoil. Our component input costs are largely weighted to the Euro and a weaker US Dollar against

the Euro and Rand puts our margins under further pressure where our product is sold in US Dollars. Ordinarily market pricing adjustments on the back of material exchange rate movements begin to filter through in most regions of the world as new product inventory lands. In South Africa, US Dollar denominated products landing at lower Rand prices heightens competition in this market.

Compared to 2024, the performance of our supply chain deteriorated with a handful of significant suppliers defaulting on supply commitments for various reasons including the implementation of a new ERP system, financial difficulties and resultant business rescue proceedings. In most cases, production disruptions were unavoidable, however our teams acted swiftly to secure affected components and responsibly onboard new suppliers to support operations.

Inventory management and ensuring the appropriate level of inventory investment for our current demand and business structure has remained key. While progress was slower than planned due to supply chain challenges and weak sales in the second half, we reduced our inventory investment and maintained our cash position at comfortable levels considering the tumultuous market conditions. Our inventory days measure marginally improved to 199 days at 31 December 2025.

Overhead expenses were tightly managed with an ongoing emphasis on cash preservation. Our gross profit margin remained pleasingly robust through 2025 and is attributed to the shift in sales mix between products, operations and regions as well as the ratio of unit sales to aftermarket sales. Profit margins in the aftermarket are generally higher than margins earned on machine sales.

Operations and product development

Due to reduced northern hemisphere demand for ADTs, we implemented a government supported short time arrangement at our Kindel factory in Germany, which went onto a four day week from August 2025. This arrangement is likely to be extended through mid 2026.

We have been and continue to rigorously pursue sales opportunities through our network of Bell owned and independent dealers, especially in territories where Bell has a low market share, and we are appointing new dealers where we see opportunities for representation.

Whilst Bell's operation in Russia remains closed, we continue to explore possibilities to legally extract cash 'trapped' in Russia since the war broke out in 2022, so that it may be deployed productively in our operations elsewhere.

On a more positive note, BESSA, our South African dealership, continued its upward trajectory growing both ADT market share and overall product market share, making it the largest equipment dealership in South Africa across the combined product offering that it sells.

Many mining sectors are under pressure, but certain commodities such as gold and copper are strong. This bodes well for our business in Zambia, which enjoyed another buoyant year for both ADT and Kobelco excavator sales, on the back of considerable growth in that country's mining sector.

The coal sector, particularly in South Africa, remains a significant user of ADTs and this industry has experienced a slowdown, especially in export coal. A weaker US Dollar to the Rand would add further pressure in 2026.

We remain cautiously optimistic that we will see further traction in infrastructure spending in South Africa in the near term, as well as some recovery in such spending in Europe. Lower interest rates are encouraging and contributing to an improvement in overall sentiment and positivity in these markets, but they have not been significant enough yet to have caused a step change in the demand for equipment. Our operation in the UK, which is largely driven by construction, saw a pleasing recovery during 2025 compared with the prior year.

We are comfortable with our partner product lines that we sell through BESSA, particularly JCB and Kobelco, which remain a good fit with our Bell OEM product offering. There may be opportunities to bolster our Zambia and UK offerings, which we will consider as and when they arise. A wider spread of complementary product lines makes for a stronger dealership.

The 2025 launch of the Bell motor grader product line – our most considerable product development project over the last few years – is proving to be a noteworthy success. In addition to three customer launch events in South Africa and one in Zambia, we gave a demonstration of the machine during our factory launch event, attended by our employees in Richards Bay. For the many people involved in different aspects of the development, this was the first time seeing the grader in action and marked a proud moment.

The motor grader is being rolled out to market in a controlled manner starting in southern Africa where we are pleased with the market response and have received repeat orders from certain customers, which is extremely encouraging. We are heartened by orders from local government departments, as this indicates to us that there is a will to support local manufacturers and premium quality products. During the second half of 2026, Bell will also start shipping motor graders to dealers in southeast Asia and Australia, where we already have demonstration units running.

In another exciting new development, Bell entered into a supply agreement with CNH Industrial America LLC in March 2026 to supply CASE Construction Equipment branded motor graders for exclusive distribution in the United States and Canada, with first deliveries also expected in the second half of 2026. This move accelerates the introduction of this product line to North America and aligns with our strategy to grow motor grader production volumes over the medium to long term. It is an honour that such a prestigious and well respected global brand has chosen our motor grader for this market and a testament to the incredible achievement by the Bell team in this product development. Bell will continue to distribute its articulated dump trucks in the USA, under the Bell brand, through its independent distributor, Bell Trucks America.

A fleet of preproduction timber processing heads were manufactured and installed to customer machines working in KZN, South Africa, and we are aiming to launch production during early 2027. Our timber processing head will be the first forestry product developed by Bell sold into fully mechanised cut to length timber harvesting operations, representing an exciting growth opportunity for our forestry and agriculture equipment offering. Forestry is one of the founding industries on which our business was built and we are excited to launch this new product, thereby enhancing our offering to the timber industry.

Furthermore, on the forestry and agricultural side of our business, we have seen pleasing growth and performance in

our AMD independent dealer network around South Africa, which sells JCB and Bell agricultural equipment. We believe there remains opportunity for growth in general across our global network of dealers, both in units and spare parts sales.

The aftermarket was slower than anticipated, largely on the back of reduced activity and equipment utilisation in major markets. When machines work less, fewer parts are consumed. Exciting new initiatives which leverage our telematics system and information will be rolled out during 2026 to assist our dealer network to proactively capture more service and parts business in the markets where they operate. Our BETA (Bell Equipment trusted alternative) parts offering, a growing range of quality alternative parts to OEM original parts, is gaining positive momentum.

Building Us Stronger, our internal employee development programme, continued to gain positive traction in terms of creating self awareness around the contribution of each team player and the alignment of the hearts and minds of our people with the commitments and objectives of our business.

Sustainability and strategic positioning

We are making steady progress with our long term project of growing ADT manufacturing capability in Europe, particularly with the testing of new componentry sourced from suppliers in the northern hemisphere. Although testing has had its challenges, this is the purpose of the exercise, and we continue to work closely with our suppliers to implement design improvements to ensure we deliver ongoing superior quality and durability in our products.

In parallel with the growth of our northern hemisphere manufacturing capabilities, we continue to scout for contract manufacturing opportunities for our South African factory under the Bell Heavy Industries (BHI) banner. We have successfully completed some projects and there have been positive engagements with other potential customers where there is alignment to the repetitive fabrication and machining activities that BHI is well suited to perform.

Most of our capital expenditure is focused on replacing machining centres and manufacturing equipment at our Richards Bay and Kindel factories, including the investment needed to grow our ADT manufacturing capabilities in the northern hemisphere.

Our investment in SAP in Richards Bay is likewise considerable for the group and 'go live' is planned for the first half of 2026. As our most complex operation in the Bell group, the Richards Bay manufacturing entity is pivotal to every other group operation around the world, so we are managing the SAP implementation in this significant operation with caution.

We are starting to utilise AI to facilitate certain back end business processes and analytics to enhance process efficiencies. While this is just the start, and we see potential to responsibly incorporate AI into more areas of the business where it makes sense, we place great value on the human connection and engagement that defines the front end of our business. Achieving a healthy balance between AI and human engagement is, we believe, critical.

While the launch of our new motor grader during 2025 represents a significant growth opportunity for Bell over the long term, our engineering focus on this product will shift to incremental product enhancement and improvement projects.

Our major research and development focus will now be on the next generation ADT, the timing of which is aligned with broader regulatory compliance requirements and is still some years away. Planned changes in engine emissions regulations and alternative fuel and energy sources in pursuit of a zero



carbon future, will be central to future product development. Our current E series ADTs, now entering a mature and stable phase of life, are certified to run on HVO fuel, and we remain in an industry leading position regarding the ease of integration of multiple autonomous control systems, with products running on various northern hemisphere job sites without an operator in the cabin.

We believe that our strategy to exit our owned dealerships in certain African countries over the last few years was the correct call as, in many cases, we lacked the product offering and scale to operate sustainably. In these territories, our owned dealerships have each been replaced by either an independent dealer or agent representing our brand, in conjunction with other brands across similar industries.

Corporate governance and ESG

Our approach to corporate governance and ESG is principled, proactive and practical, with transparent reporting and honest disclosure. We are committed to continuous improvement and decisions are taken with a long term sustainability and resilience mindset.

Strong corporate governance is our foundation that protects our business, reputation and stakeholder trust. We endeavour to act in a responsible, ethical, balanced and commercially sensible manner. Clearly defined roles, independent compliance oversight and strong internal controls maintain accountability and provide a high standard of assurance that governance, finances, and sustainability are all equally adhered to and monitored.

ESG drives value and is integrated into our strategy to inform risk management, capital allocation and product development. Our focus is on the issues that affect the business and our stakeholders, and we are pleased with the progress we have made in measuring and mitigating our environmental risks, as detailed in our sustainability report on page 46. The report further carries information on our approach to the environment and corporate social investment and details of governance structures and the extent to which we apply relevant principles of corporate governance, including King IV™ and regulatory requirements.

Transformation

Board diversity remains a priority with women comprising 27,3% of members and black persons 36,4%, exceeding the voluntary targets of 25% and 30% respectively. This reflects the group's ongoing commitment to fostering an inclusive and representative governance structure.

During 2025, we reaffirmed our commitment to transformation through various initiatives in BECSA and BESSA, such as our ESD and apprenticeship programme. Our ESD programme is aimed at providing financial assistance to EMEs and QSEs, including those looking to become suppliers to or customers of our business. We see education and training as a key driver in supporting and building social wellbeing and the economies where we operate, and in 2025 the group contributed R12,9 million towards this effort.

**R12,9
million**

total ESD spend
by the group
in 2025.

244

total intake
of apprentices in 2025
across all trades
in South Africa
and Zambia.

We continue to be one of the most significant trainers of earthmoving mechanics in South Africa and Zambia, and during 2025 our total number of apprentices under training across all trades numbered 244 individuals. Not only does this contribute towards our transformation, but it ensures the availability of scarce skills needed to sustain the technical support aspect of our business and industry.

BECSA and BESSA are both 51% black owned entities, and in the case of BESSA 30% black women owned. With their respective level 3 and level 1 BBBEE scorecards, the group is competitively positioned in the South African market. BECSA and BESSA's BBBEE certificates are available on the group's investor website at www.bellir.co.za.

Outlook

We are deeply concerned by the current deteriorating geopolitical landscape which is creating widespread uncertainty and instability globally. It is cold comfort that we are not alone in contemplating how global markets, demand for our products, and our business will be impacted.

The ruling by the US Supreme Court on reciprocal tariffs has no bearing on those tariffs imposed under Section 232 and therefore we expect ongoing headwinds for the ADT market in the USA given the 25% MHDV tariff. However, this ruling puts Bell in a better position to supply motor graders to CNH for the USA market from our South African factory due to the 30% reciprocal tariff having been replaced by a 10% global tariff. The motor grader, along with other types of general construction equipment, is also subject to a Section 232 steel and aluminium derivatives tariff of 50% calculated on the value of the steel and aluminium content in the product.

With demand across global markets at a relatively low level, we have capacity in our factories and the opportunity to scale these operations reasonably quickly, should the need arise. We believe our ability to scale our manufacturing capacity is achievable within the timeframe that our supply chain would require to respond to an increase in demand.

Since the situation is fluid and largely out of our control, our best line of defence is to remain agile and adaptable in changing macroeconomic and operating environments, to ensure our sustainability, whatever the circumstances. Now, more than ever, our team must stay focused on the positive opportunities that exist in our markets and do our utmost to influence what is within our control.

Inventory management continues to be a major focus, ensuring that we balance our factory production rates, and incoming partner products to our dealerships, with the level of sales demand. Where feasible, we are trimming any unnecessary and excess buffers held in our inventory.

Our objectives for 2026 are threefold. From a mining and construction perspective, our aim is to grow ADT market share in markets where our participation is below expectations, while simultaneously establishing and growing our motor grader population in the launch markets of Africa, southeast Asia, Australia and, indirectly, North America through our supply agreement with CNH.

In forestry and agriculture, our new forestry equipment developments - namely the timber processing head and skidder - will continue to progress towards production implementation and sales launch, while we concentrate on growing volumes of our existing product portfolio through ongoing dealer development.

Finally, we aim to advance our long term project of expanding our ADT manufacturing capabilities in Europe, as we continue to pursue more sustainable manufacturing closer to our major suppliers and key ADT markets. Concurrently, a feasibility assessment on USA manufacturing is

being carried out, however with limited supply chain available in this market, relatively high labour costs and the impact of tariffs on overall input costs, initial indications are that there is little incentive to establish manufacturing in the USA at this time.

Dividends

After considering the financial performance of the group for the year and the outlook, including cash flow requirements and liquidity, the board has declared a gross final dividend of 100 cents per ordinary share.

Appreciation

Even as the world faces uncertainty, Bell remains a positive, innovative and exciting business in our industry. Thank you to our team members for your resilience and commitment to ensuring that we succeed. In challenging times, your strength and reliability have shone through, just like the machines we design and build. You should be proud of what we continue to achieve together.

We are sincerely grateful to our executive management team for your dedication and hard work. Your leadership in your individual areas of responsibility is highly valued, as are the insights, guidance and support you provide as a collective.

Strong corporate governance and upholding the principles of ESG enable Bell to perform at a higher level, and we thank our board of directors for generously giving of your time and expertise to provide oversight and ensure that governance standards are continuously improved for the betterment of the group and the communities in which we operate.

Lastly, on behalf of the Bell team and board of directors, we extend our heartfelt appreciation to our customers, dealers, suppliers and shareholders for continuing to place their trust in our company and the Bell brand. It is because of your support and encouragement that we compete at the highest level in an industry dominated by global giants.

Gary Bell
Chairman

Ashley Bell
Chief executive

30 March 2026

