

2025 PERFORMANCE OVERVIEW

- The Q1 2026 results present a picture of a company in the early stages of revenue generation following years of heavy operational investment, but still deeply loss making at the operating level, constrained by a significant fixed cost structure and an outsized directors' loan overhang on the balance sheet.
- Revenue for Q1 2026 increased by 1,734%, ₦359.5 million signal improvement over Q1 2025's of ₦19.6 million, reflecting the commencement of commercial sales activity, total operating expenses of ₦587.7 million far exceeded gross profit of ₦285.3 million, resulting in an operating loss of ₦273.4 million Q1 2025 loss of ₦514.2 million.
- Particular concern on the balance sheet structure the Company carries ₦7.076 billion in Directors' Loans representing 38.7% of total assets which pose a significant financial risk, particularly with regard to liquidity and governance.
- Cash decreased from ₦3.05 billion at year end December 2025 to ₦843.4 million at 31 March 2026, a decline of ₦2.21 billion in just three months, driven primarily by a ₦1.86 billion adjustment to retained earnings and ongoing operational cash burn.
- Rating **SPECULATIVE** rating on Ellah Lakes Plc the company has a long term asset base of 22,697acre land holding and emerging biological assets but it is pre profitability, cash constrained, and heavily reliant on related party financing.

REVENUE ANALYSIS

2026 Q1 Revenue ₦359.5 million vs Q1 2025 ₦19.6 million this extraordinary percentage increase is partly a function of the extremely low base in Q1 2025 when the Company was largely pre commercial. Revenue for the full 17-month audited period to December 2025 was only ₦146.7 million, meaning the Company has already generated 245% of the entire prior period's revenue in just three months.

COST MARGINS

Gross Margin of 79.4%: Cost of sales of ₦74.1 million on ₦359.5 million revenue yields a high gross margin. This is plausible for an agricultural/aquaculture business where land and biological assets are already capitalised but, the gross profit of ₦285.3 million is consumed by overheads.

Personnel costs are the single largest expense item at ₦252.3 million nearly equal to the gross profit of ₦285.3 million, cost comprises salaries ₦231.6 million, wages ₦4.2 million, and pension ₦16.5 million.

Administrative Expenses of ₦280.5 million largest admin line items include maintenance/farm utilities of ₦58.3 million, travel and accommodation ₦35.7 million, security ₦25.8 million, professional and legal fees ₦25.1 million, livestock expenses ₦16.2 million, and rent ₦17.5 million, combined admin and personnel cost of ₦532.7 million gross profit, drive the operating loss.

2025 FINANCIAL HIGHLIGHTS

Q1 2026 Revenue (₦'000)	359,488	+1,734%
Gross Profit/(Loss) (₦'000)	285,347	79.4%
Operating Loss (₦'000)	(273,422)	(514,184)
EPS — Basic (₦)	(0.07)	26,101,625
Cash & Equivalents (₦'000)	843,371	18,294,054
Directors' Loan (₦'000)	7,076,000	344,667

Source: Ellah Lake Q1 2026 unaudited report

ASSET ASSESSMENT

The Company's asset base is concentrated in land, which is carried at ₦22.697 billion representing 86.9% of total assets and 99.3% of PPE. This land was subject to a prior revaluation reflected in the ₦14.928 billion revaluation surplus in equity and its book value therefore reflects appraised fair value rather than historical cost

Capital expenditure in Q1 2026 was ₦107.9 million, comprising additions to Buildings/Pens WIP ₦40.2 million, Land (₦50.0 million, and Plant & Machinery ₦17.7 million.

Biological assets comprise oil palm plantations ₦150.0 million and livestock ₦41.8 million. These are modest relative to the overall asset base and reflect the early stage of the biological operations. No amortization or fair value adjustments were applied in Q1 2026

The oil palm plantation was added only during the 17-month audited period, indicating a very young tree stock that will take several years to reach maturity and generate meaningful yields.

KEY RISK INDICATORS

- Directors' Loan Refinancing (HIGH)
- Liquidity Risk (HIGH)
- Revenue Concentration
- Biological Asset Development Risk (MEDIUM)
- Governance & Disclosure Risk (MEDIUM)

CASH POSITION

Cash fell from ₦3.05 billion to ₦843.4 million during Q1 2026 decline of ₦2.21 billion in three months, this is alarming the cash flow statement attributes ₦1.86 billion to a 'retained earnings adjustment' reclassification and ₦273.4 million to operating losses.

Current cash runway at Q1 2026 burn rates is approximately one additional quarter before it approaches a potential cash crisis external funding or revenue acceleration will be critical.

Goodwill from a prior acquisition remains on the balance sheet at ₦57.7 million. No impairment assessment details are disclosed in the quarterly report, though the amount is not material relative to the total asset base

OVERVIEW OF FINANCIAL POSITION SUMMARY (N'000)

Item	31-Mar-2026	31-Dec-2025 (Audited)	Change
NON-CURRENT ASSETS			
Property, Plant & Equipment	24,762,051	24,702,036	+N60,015
Biological Assets	191,767	191,767	Nil
Goodwill	57,689	57,689	Nil
Other Assets	13,664	13,664	Nil
Total Non-Current Assets	25,025,171	24,965,156	+N60,015
CURRENT ASSETS			
Receivables	231,103	230,339	+N764
Inventory	—	5,306	(N5,306)
Restricted Cash (DSRA)	1,980	1,980	Nil
Cash & Cash Equivalents	843,371	3,054,570	(N2,211,199)
Total Current Assets	1,076,454	3,292,195	(N2,215,741)
TOTAL ASSETS	26,101,625	28,257,351	(N2,155,726)
LIABILITIES			
Trade & Other Payables	348,955	358,611	(N9,656)
Current Tax Payable	570	570	Nil
Payables to Related Parties	37,292	—	+N37,292
Directors' Loan	7,076,000	7,076,000	Nil
Borrowings (CBN/FCMB)	344,667	391,667	(N47,000)
Deferred Tax	88	88	Nil

Item	31-Mar-2026	31-Dec-2025 (Audited)	Change
TOTAL LIABILITIES	7,807,571	7,826,935	(₦19,364)
EQUITY			
Share Capital	1,929,087	1,929,087	Nil
Share Premium	8,203,178	8,203,178	Nil
Deposit for Shares	2,498,641	2,498,641	Nil
Other Reserves	710,788	710,788	Nil
Retained Earnings/(Loss)	(9,975,429)	(7,839,067)	(₦2,136,362)
Revaluation Surplus	14,927,789	14,927,789	Nil
TOTAL EQUITY	18,294,054	20,430,416	(₦2,136,362)

Source: Ellah Lake Q1 2026 unaudited report

DIRECTORS' LOAN A MATERIAL GOVERNANCE AND LIQUIDITY CONCERN

The Directors' Loan balance of ₦7.076 billion is one of the most significant items on the balance sheet and warrants detailed scrutiny.

Director / Related Party	Loan Amount (₦'000)	% of Total Dir. Loan
Emmanuel Jakpa	6,000,000	84.8%
Blackman & Co.	420,000	5.9%
Chuka Mordi (CEO)	350,000	4.9%
Thames Capital Partners	200,000	2.8%
Lake Oko Farms	56,000	0.8%
Osaro Oyegun	50,000	0.7%
Total Directors' Loan	7,076,000	100.0%

Source: Ellah Lake Q1 2026 unaudited report

RATING: SPECULATIVE Ellah Lakes Plc is less suitable for risk averse or income-oriented investors, the Company is in early-stage commercial operations, cash constrained, and governance-challenged. though it possesses strategic assets acquisition its large land holding and growing revenue base that give it a long term optional value

High risk investors willing to accept a multi-year horizon, Ellah Lakes offers asymmetric upside potential if revenue scales as expected, governance improves, and the Directors' Loan is properly restructured.

The key catalyst to watch is whether Q2 2026 revenues sustain the Q1 growth momentum, and whether management provides any clarity on a medium-term business plan or capital structure roadmap.

Key metrics to watch (1) Q2 2026 revenue; (2) resolution/disclosure of Directors' Loan terms (3) any capital raise announcement; (4) cash position at end of Q2 2026; (5) explanation of the ₦1.86 billion retained earnings adjustment.

OUTLOOK FOR FY 2026

Expectations for 2 Quarters

The Company must address its cash position, we expect management to either (a) inject additional director funding (b) launch a fresh capital raise rights issue or private placement (c) accelerate revenue realization.

The Q2 2026 results will be critical if revenue maintains the Q1 2026 trajectory and the cost base is controlled, the operating loss should continue to narrow. We project Q2 2026 revenue of ₦400-500 million with an operating loss of ₦200–250 million if current trends hold.

The FY 2026 balance sheet will be significantly cleaner than FY 2025, with the removal of the large acquisition facilities, and the full equity base from the rights issue in place for the entire year. Project Group PAT to remain robust at above ₦100 billion, with improved FCF generation as working capital normalises and capex intensity moderates relative to the FY 2025 peak.

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