See disclosure overleaf

NATIONAL FLOUR MILLS LTD [NFM]

Flash Report Q2 2026 (June 30, 2026)

Last Price:	$1.58 (Aug 17, 2026)	**52 Week Range:**	$1.40 - $1.75	**Market Cap:**	$189.9M
Sector:	Manufacturing I	**Dividend Yield (TTM):**	7.59%	**EPS (TTM):**	$0.35
PE Ratio (5 YR):	42.41x	**YTD Price Change:**	-1.86%	**PE (TTM):**	4.51x

NFM reports 5% y-o-y increase in Revenue.

Company Overview:

- National Flour Mills Limited (NFM) was incorporated in 1972 and is primarily involved in the production and distribution of food products and animal and poultry feeds.
- The company's major shareholder is National Enterprises Limited (NEL), which is majority owned by the Government of the Republic of Trinidad and Tobago (GORTT). NEL owns 51% of the issued share capital. The ordinary shares of NFM are listed on the Trinidad and Tobago Stock Exchange (TTSE).
- During the quarter, wage negotiations for the period January 2023 to December 2025 were successfully completed with the Seamen and Waterfront Workers Trade Union.
- Over the past three FYs, NFM has paid annual dividends per share as follows: 2022 ($0.00/share, 0.00% payout ratio), 2023 ($0.03/share, 10.17% payout ratio), 2024 ($0.10/share, 27.21% payout ratio). NFM did not declare a dividend in FY 2025. However, in January 2026, the company declared a final dividend of $0.12/sh. relating to FY25 earnings.(payout ratio of 33.76%[1]).

Performance Review:

- NFM's revenue increased by 5.0% ($6.5M) y-o-y to $137.1M for the quarter ending June 2026.
- NFM's cost of sales also increased by 11.2% ($10.1M) y-o-y, due to increased grain prices. This caused NFM's gross margin to decrease from 31.1% in June 2025 to 27.0% in June 2026.
- For Q2 2026, NFM recorded an operating profit of $13.5M, which represents a 6.6% ($836K) increase y-o-y. This was attributable to Selling and Distribution expenses decreasing 1.3% ($198K), and Administrative Expenses decreasing by 29.1% ($4.3M). This led to NFM's operating margin slightly increasing from 9.7% in Q2 2025 to 9.8% in Q2 2026.
- The movements mentioned above led to NFM's Profit after tax increasing y-o-y by 25.5% ($2.4M) to $11.6M for the quarter.
- NFM's total assets increased 6.0% ($31.6M) y-o-y to $559.5M, mainly driven by increases in Intangible Assets of 2,403.5% ($15.7M), and in Accounts Receivable and Prepayments of 6.8% ($8.3M). The increase in intangible assets was driven by the implementation of their new Enterprise Resource Planning (ERP) System.
- NFM's total liabilities decreased 0.3% ($572K) y-o-y to $174.9M primarily due to decreases in accounts payable and accruals of 19.0% ($15.5M), offset by increases in deferred income tax liabilities of 27.4% ($12.8M).

Financial Highlights $ 000s	*Quarter Ended* Jun-26	*Quarter Ended* Jun-25	*Year ended* Dec-25
Revenues	$137,115	$130,647	$540,513
Profit Before Taxation (PBT)	$12,990	$12,047	$69,016
Profit After Tax (PAT)	$11,589	$9,231	$41,982
Total Assets	$559,541	$527,917	$557,297
Total Equity	$384,649	$352,453	$362,407
Total Liabilities	$174,892	$175,464	$194,890
PBT Margin	9.47%	9.22%	12.77%
PAT Margin	8.45%	7.07%	7.77%
Return on Assets	2.07%	1.75%	7.53%
Return on Equity	3.01%	2.62%	11.58%

Performance Review (cont'd):

- NFM's total equity increased 9.1% ($32.2M), driven by retained earnings increasing by the same.

Key Risks:

- Changes in US trade and tariff policies may create price volatility and adversely affect revenues.
- Volatility in global commodities, freight, and energy prices could increase NFM's operating costs and place pressure on profit margins.
- NFM faces the risk of not being able to pay their suppliers due to the limited USD supply in Trinidad and Tobago.
- In April 2025, NFM transitioned into a new ERP platform which can expose NFM to risks such as cybersecurity threats, system failures, and disruption of service to customers.
- The flour segment accounted for approximately 67% of FY2025 revenue, exposing NFM to concentration risk
- Given that NFM is GORTT owned, this may limit their ability to pass on cost increases to customers, pressuring profitability.

[1] Based on FY 2025 EPS.

Figure 1: NFM Revenue from 2023 to 2025 by Operational Segment

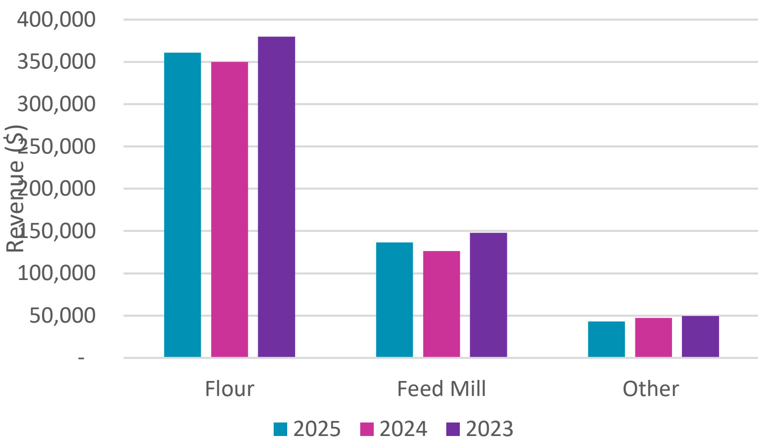


Figure 2: NFM's EPS, Dividends Paid and Dividend Yield[2]

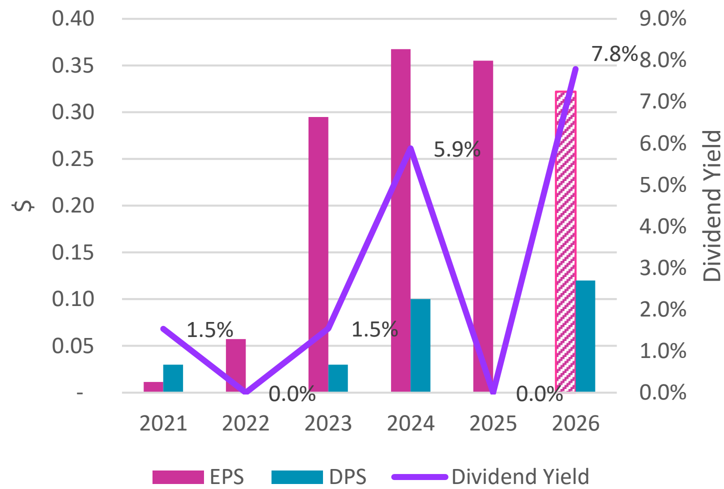


Figure 3: 2025 Revenue by Operational Segment

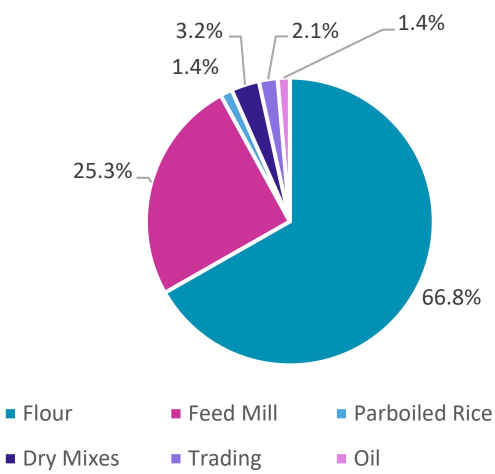
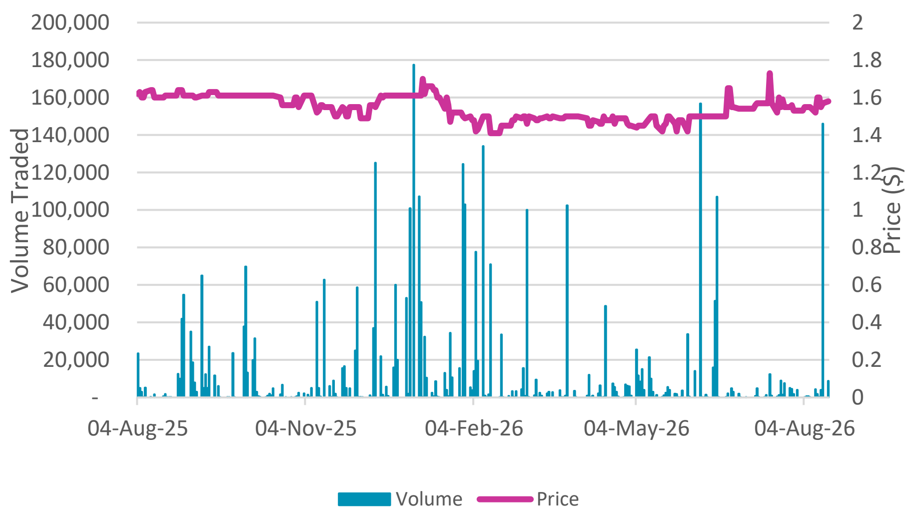


Figure 4: NFM Stock Price Movement and Volumes



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[2] Graph utilizes forecasted 2026 EPS.