Annual Report 2022

QUALITY • VALUE • SERVICE

AML FOODS LIMITED

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About AML Foods Limited

Mission:

Deliver the best grocery experiences, fresh products, and great service.

Vision:

To Transform AML Foods into the most valued and trusted retailer in The Bahamas.

Values:

We lead by example.

We WOW our customers.

We will always be our best.

We are one team.

AML Foods Limited is an innovative Bahamian Company with operations in New Providence Grand Bahama, and George Town Exuma. Our brands – Solomon's, Solomon's Super Centre, Solomon's Fresh Market, Cost Right Wholesale and Domino's Pizza – are known for quality and value and are well-recognized throughout The Bahamas.

Our Company is built on a strong foundation of integrity, respect for all, corporate responsibility, and community giving. We seek to create a brighter future for the communities that we operate in by directing charitable giving toward our core areas of commitment, Hunger Prevention & Healthy Living, The Environment and Youth Empowerment.

At AML our mission is to deliver the best grocery experiences, fresh products, and great service to transform our company into the most valued and trusted retailer in The Bahamas. We are committed to driving operational efficiencies and running our businesses better, as well as providing our customers with value while remaining competitive. We are one team and lead by example, working every day to provide exceptional shopping experiences in all our stores. We do this for the benefit of our customers, our associates, and our shareholders.

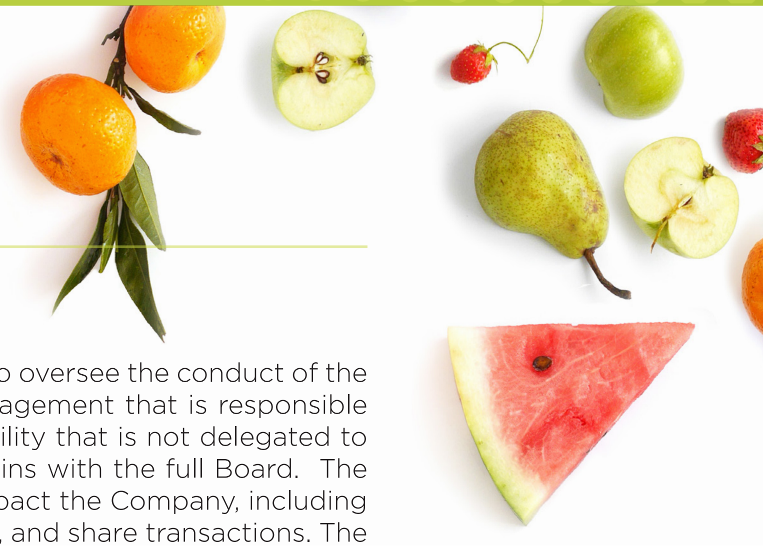
AML Foods' Retail Distribution Division comprises six grocery store locations. In New Providence stores include Solomon's Super Center, Solomon's Yamacraw, Solomon's Fresh Market Old Fort Bay, and Solomon's Fresh Market Harbour Bay. Locations in Grand Bahama include, Solomon's Lucaya and coming soon Solomon's Downtown, and in Exuma, Exuma Markets. These stores offer a wide range of consumer products from food items to general merchandise and clothing. Our team members work every day to ensure that each location offers affordable products of the highest quality standards. To make the retail experience more enjoyable for our customers, we challenge our associates to provide superior service.

Our Club Distribution Division includes two stores - Cost Right Wholesale Club Nassau and Cost Right Wholesale Club Freeport. Both locations offer a wide assortment of name-brand and club packed products at wholesale prices, from grocery to general merchandise and clothing. We cater to small businesses, offices, and the home, offering friendly service and convenient shopping. Our team members are dedicated to giving customers value on the products we supply, all while making shopping a pleasant experience.

Our Franchise Distribution Division operates ten Domino's Pizza stores – nine in New Providence and one in Grand Bahama. Domino's is an outstanding international brand with a well-earned reputation for value, quality products and exceptional service.

Our E-Commerce Distribution Division consists of www.dominos242.com. The web-based platform allows customers to purchase their pizza online for carryout, dine-in or delivery. Domino's Pizza Bahamas was the first pizza company on island to offer this engaging ordering experience.

AML Foods Limited is a publicly traded company with 1,300 individual shareholders and is listed on the Bahamas International Stock Exchange. The Company employs 882 associates in New Providence, Grand Bahama and Exuma.



Corporate Governance

Duties of the Board

The Board of Directors of the Company has the obligation to oversee the conduct of the business of the Company and to supervise executive management that is responsible for the day-to-day conduct of the business. Any responsibility that is not delegated to a committee of the Board or executive management remains with the full Board. The Board of Directors deals with all matters that materially impact the Company, including but not limited to divestments, acquisitions, new financings, and share transactions. The Board of Directors of the Company will comprise of a maximum of ten members who are elected at the Annual General Meeting. Of these Directors, only Mr. Gavin Watchorn is an executive of the Company.

The Board of Directors has established a written Code of Conduct to serve as a guideline for good business practices and ethical standards of behavior. Each Director and Officer of the Company has confirmed their compliance with the Code of Conduct in the year ended April 30, 2022.

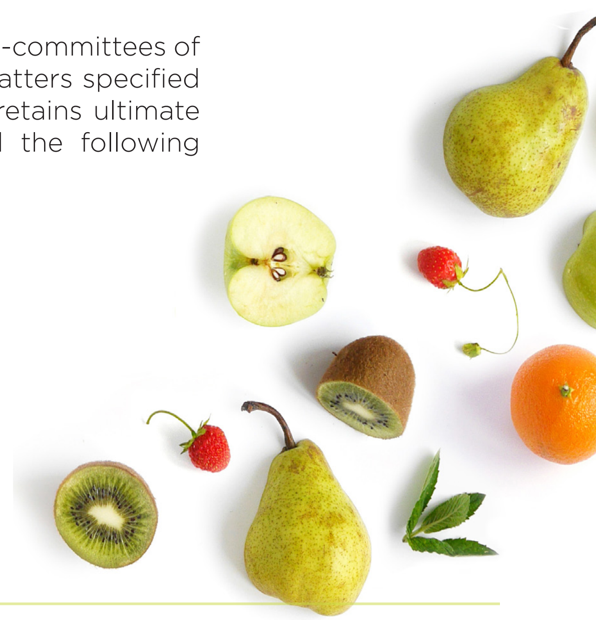
Board Nominations

The Corporate Governance Committee is responsible for identifying potential new directors and recommending selected nominees to the Board. The Board then considers Director nominees for election at the next annual meeting of members. The Board also has the authority to appoint a director to a casual vacancy, which may arise during the year. In making its candidacy recommendations, the Committee will consider the competencies and skills that the Board considers to be beneficial to the ongoing function of the Board and the ability of the candidates to commit the necessary time to perform their duties.

Committees of the Board of Directors

The Board of Directors has delegated certain of its responsibilities to sub-committees of the Board. Such committees are generally responsible for reviewing matters specified in their mandates and making recommendations to the Board, which retains ultimate decision-making authority. The Board of Directors has constituted the following committees:

- Audit Committee
- Personnel Committee
- Corporate Governance Committee



Audit Committee

The Audit Committee, which is comprised of Directors who are neither paid officers nor employees of the Company or any of its subsidiaries, is responsible for the oversight of the financial reporting and internal controls of the Company, which includes the review and evaluation of the appropriate accounting principles and practices to be observed in the preparation of the accounts of the Company and its subsidiaries. The operations of the Audit Committee are governed by the Audit Committee mandate which is approved by the Board of Directors. The Audit Committee mandate addresses all of the required functions as set out by the Securities Industry (Corporate Governance) Rules, 2019.

The Audit Committee has responsibility for reviewing practices and procedures with a view to ensuring compliance with reporting and disclosure requirements of applicable securities laws related to financial performance and material undertakings and activities of the Company and its subsidiaries. The Audit Committee also has initial responsibility for reviewing, when appropriate, public disclosure documents containing material financial information, including registration statements and prospectuses pertaining to the issue of securities in the Company prior to their submission to the Board. During the fiscal year, the Audit Committee members consisted of Ms. Alison Treco (Chair), Mrs. Meike de Vaere-Hoorn, Mr. Jeff Gordman and Mr. Sunil Chatrani.

Personnel Committee

The Personnel Committee provides advice and direction to the Board and Chief Executive Officer on policy related to human resource management, generally. It reviews and assesses in conjunction with the Board, the performance of the Chief Executive Officer and, with the Chief Executive Officer, all other key members of senior management who report to the Chief Executive Officer. It also reviews and recommends for approval by the Board, the performance targets and the creation, amendment or termination of benefit and compensation plans and major organizational changes affecting the Company. It monitors human resources policies and programs, establishes a methodology or process for senior management succession planning and reviews successor plans for key members of senior management.

Its primary responsibility is the approval of, where appropriate, and for making recommendations for approval by the Board with respect to matters related to human resource management, compensation and benefit programs, senior management succession planning, the appointment and compensation of key members of senior management and the appointment of officers of the Company. During the fiscal year, the Personnel Committee members consisted of Mr. Robert Sands (Chair), Mrs. Meike de Vaere-Hoorn, Mrs. Tara Cooper Burnside and Mr. Sunil Chatrani.

Corporate Governance Committee

The purpose of the Corporate Governance Committee is to develop, recommend and administer the corporate governance guidelines of the Company. The Committee assists the Board by identifying individuals qualified to become board members and to recommend to the Board the director nominees for election at the next annual general meeting. During the fiscal year, the Corporate Governance Committee members consisted of Mrs. Tara Cooper Burnside (Chair), Ms. Alison Treco, Mr. Franklyn Butler, and Mr. Gavin Watchorn.

Meetings of Board of Directors

The Board of Directors aim to meet formally at least four times per year. The table below shows Director attendance of meetings held during the fiscal year ended April 30, 2022:

Director	Number of Board Meeting Invitations	Number of Board Meetings Attended	Number of Committee Meeting Invitations	Number of Committee Meetings Attended
Franklyn Butler II	5	5	4	4
Robert Sands	5	5	1	1
Alison Treco	5	5	6	6
Meike de Vaere-Hoorn	5	5	5	5
Tara Cooper Burnside	5	5	4	4
Jeff Gordman	5	5	4	3
Sunil Chatrani	5	5	5	5
Gavin Watchorn	5	5	12	12

Compensation of Directors

Each director who is not a salaried employee of the Company or of any of its subsidiaries is paid an annual retainer of $15,000 per annum (2021: $15,000 per annum) except for the Chairman of the Board who receives an annual retainer of $20,000 (2021: $20,000). In addition, a fee of $1,250 per meeting of the main board or sub-committee is paid to each director, contingent upon attendance. A Director who is the chairperson of a subcommittee receives an additional annual fee of $1,500. Directors are also entitled to reimbursement for reasonable travel and living expenses incurred by them in attending any Board of Directors or committee meetings, which amounted to $Nil for the year ended April 30, 2022. Total fees, including retainers, for the year ended April 30, 2022 were $202,444.

Director's Interest in Transactions

Mr. Franklyn Butler, II is the Chairman of Milo B. Butler and Sons Investment Co., Ltd. The Company entered into a lease agreement with Milo B. Butler and Sons Investment Co., Ltd. on April 1, 2012 for an initial term of five years with options to renew for five consecutive terms of five years each. The Company exercised its option to renew this lease.

Mr. Franklyn Butler, II is also the Chairman of Milo B. Butler and Sons Limited. The Company entered into an agreement on February 1, 2018 to lease space to Milo B. Butler and Sons Limited commencing on April 1, 2018 for an initial term of five years with an option to renew for an additional five years.

On July 1, 2021, the Company, as a lessee, entered into a separate lease agreement with Milo B. Butler and Sons Investment Co., Ltd. to begin on September 1, 2021. The lease has an initial term of five years with five options to renew for five successive years each.

There are no material contracts with related parties. In accordance with the Securities Industry (Corporate Governance) Rules, 2019, a material contract is a contract that has a transaction value of more than two percent of the revenues of a company.

2022
Board of Directors

Franklyn Butler II
Chairman

Director since 2011
President & Group CEO
Cable Bahamas
New Providence, The Bahamas

Tara Cooper Burnside
Director

Director since 2019
Attorney & Partner
Higgs & Johnson
New Providence, The Bahamas

Robert Sands
Director

Director since 2003
Senior Vice President
Government & External Affairs,
Baha Mar Resorts Ltd.
New Providence, The Bahamas

Jeff Gordman
Director

Director since 2020
Principal
Jeff Gordman Advisory LLC
Nebraska, United States

Alison Treco
Director

Director since 2017
Director & Shareholder
FT Consultants Ltd.
New Providence, The Bahamas

Sunil Chatrani
Director

Director since 2020
Executive Chairman
Apes Hill Barbados Inc.
St. Michael, Barbados

Meike de Vaere
Director

Director since 2017
VP Partnerships & Business Development
WildBrain CPLG
Amsterdam, Netherlands

Gavin Watchorn
President & CEO, Director

Director since 2006
President & CEO
AML Foods Limited
New Providence, The Bahamas

Message from the Chairman

"...I am proud of the foundation that we have set at AML Foods, to weather these storms and the ever-evolving effects of rising inflation on our business."

Dear Shareholders,

It is an honor to write this annual report to shareholders as Chairman of AML Foods Limited. When I reflect upon the past three years, from the devastation of Hurricane Dorian which impacted our operations in Grand Bahama, to the difficulties of the past two years with COVID 19 and the subsequent supply chain challenges that the world has had to face, I am proud of the foundation that we have set at AML Foods, to weather these storms and the ever-evolving effects of rising inflation on our business.

This year as we report revenue of $175m and net profits of $4.0m, we are pleased not because these results are a realization of our true potential, but because these results reflect how much our collective teams have done, to overcome supply chain shortages never experienced before, and the initial impact of rising inflation. Since upgrading our Enterprise Resource Program (ERP) and IT platforms, we are now beginning to see the benefits of having access to daily and even hourly insights into customer behavior, and our ability to manage key business indicators. We are also pleased to continue to support and invest in our associates through training and development, as well as our commitment to fill 75% of all management positions internally.

Our many associates continue to show up, step up and contribute positively to our organization and I would like to thank them for that. We would not have been able to accomplish what we have without all of you. I wish to particularly acknowledge the hard work of our executive leaders and managers, who have supported the acquisition of Exuma Markets and are currently working on the opening of our Solomon's Downtown Freeport store. We believe that this newest location will allow us to grow our market share and increase our profits, as we continue to improve our ways of doing business.

Finally, I would like to thank all of you our shareholders who have continued to support AML Foods and its board and management, as we continue to serve our customers and deliver results of which you can be proud.

Sincerely,

Franklyn Butler II
Chairman

Message from the Chief Executive Officer

"While we are in challenging times, I am confident that AML's commitment to providing value to our customers with superior facilities and service, will ensure that we emerge from this period stronger and poised for growth."

Dear Shareholders,

I am pleased to write to you in our annual report, reflecting upon another challenging year for our Company and looking forward to bluer skies ahead.

I must begin by thanking our incredible team. The past three years has been extremely difficult for you. From the losses inflicted on our Grand Bahama operations to managing through COVID, supply chain disruption and now a period of inflation not seen in generations, you have been unwavering in your commitment to serving our communities. I am truly appreciative of your efforts and loyalty to our customers and to AML, and the resilience you show every day in ever changing circumstances.

We have been very productive over the past 12 months as we focused on implementing our new ERP, and the improvements to our various processes that arose from its implementation. As one team, we are aligned around delivering great experiences, products and service to our customers. Our customers have seen store resets and remodels, improvements in the speed of service, and the introduction of our loyalty program – My Solomon's Smart Rewards – all of course with our best-in-class value.

The initial results from our acquisition of Exuma Markets have been quite positive, with the performance exceeding our initial expectations. We are confident that this will be a strong investment for us over the long term and has provided us with a model that we can bring to other Family Islands in the future.

After several delays, we are close to opening our newest location, Solomon's Downtown Freeport. We are excited to be bringing back the great value, experience and service of Solomon's to the western communities of Grand Bahama. This store is the first of our newer, smaller Solomon's neighborhood stores. With a lower capital investment, this new format will offer a much higher level of efficiency than our existing stores.

Going forward, in the short term you will continue to see improvements in our stores through planned remodels and assortment resets. We also intend to introduce several new technological features in 2023, along with continuous enhancements of our loyalty program. For the medium term and beyond, we are committed to the continued growth of our Company to $250m or higher in top line revenue by 2030.

While we are in challenging times, I am confident that AML's commitment to providing value to our customers with superior facilities and service, will ensure that we emerge from this period stronger and poised for growth.

I remain humbled and honored to lead this great company, and I am thankful for the support of my board of directors, my executives, our team, our shareholders and of course, our customers. Our success only occurs when we satisfy the needs of our customers and communities. Our mission and priority remain serving you.

Sincerely,

Gavin Watchorn,
President and CEO

2022 Executive Team

Gavin Watchorn
President & CEO, Director

Joined Company in 2003

Scott Miller
Chief Operating Officer

Joined Company in 2021

Carlos Sands
Vice President Inventory and Loss Prevention

Joined Company in 2005

Kimberley Bodie
Head of Human Resources, Talent & Development

Joined Company in 2016

Scott Harrell
Vice President Operations

Joined Company in 2021

Indira Moss
Director of Margin Control & Logistics

Joined Company in 2009

Davette Lightbourne
Chief Financial Officer

Joined Company in 2018

Renea Bastian
Vice President Marketing & Communications, Business Development

Joined Company in 2010

Richard Jones
Vice President Facilities

Joined Company in 2011

Dave Forbes
Vice President Information Technology

Joined Company in 2020

Ben Brown
Director of Purchasing

Joined Company in 2021

2022 Management Discussion & Analysis

Management will use this report to provide an analysis of the movements in AML Foods Limited's ("AML" or "the Company") balance sheet, cash flow statement and statement of equity for the fiscal year beginning May 1, 2021 to April 30, 2022, and to discuss significant results from operations for the year ended April 30, 2022.

This report should be read in conjunction with the audited consolidated financial statements and its accompanying notes. This report may include "forward-looking statements." While the Company believes that the expectations reflected in such statements are reasonable, it gives no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from the Company's expectations include external economic conditions, changes in the marketplace, changes in interest rates, operating costs, and other unforeseen events or conditions that may affect performance.

FINANCIAL OVERVIEW

As consumer spending habits begin to normalize following the peak of the COVID-19 pandemic, profitability begins to fall in line with pre-COVID trends. Same store sales volumes have declined year over year, specifically within our Food Distribution division. Consumers' demand for convenience and continued cost pressures, global supply chain interruptions, decreased vendor service levels and increased sea freight rates all contributed to lower profitability than prior year.

For the year ended April 30, 2022, the Company recorded net profits of $4.0m, down $7.1m or 64% compared to the prior year. Insurance recoveries of $4.7m from Hurricane Dorian losses were received in the prior year and significantly improved overall profit for the year ended April 30, 2021. Sales and gross profit were generally flat during the year compared to the prior year. We experienced a decline in sales within our Food Distribution Division, offset by sharp sales increases within our Franchise division. Selling, General and Administrative ("SG&A") expenses as a percentage of sales increased from 26.3% to 27.4%. During the year, various expense categories such as insurance and sales related expenses increased. Additionally, our investment in our new Point of Sale (POS) system resulted in a write off of $0.9m of undepreciated costs remaining from software and hardware from our old POS.

The Company's balance sheet remains strong with total assets of $106.8m at April 30, 2022. Total assets decreased by $1.6m, driven mostly by decreases in cash and bank balances and other current assets and offset by an increase of inventory.

Inventory levels increased by $2.8m or 16.2% compared to prior year. While out of stock levels are not where we would like them, they have rebounded following large periods of outages due to supply chain constraints brought on by the pandemic. The cost of inventories has escalated compared to the same period in prior year and we have experienced increases as high as 30% in certain commodity items. The improved stock levels and increase in cost of products have both contributed to the overall increase in inventory balances at year end. Our expectation is that inventory will largely remain at the increased level for the foreseeable future.

During the year, we declared and paid dividends of $3.3m representing 83% of the current year's net profit. Cumulatively, for the past three years, ordinary dividends distributed totaled $9.0m or 54% of net income, up from 48% for the three years ended April 30, 2021.

CASH AND BANK BALANCES

The Company's cash and bank balances decreased during the year by $4.7m from $13.8m at April 30, 2021 to $9.1m at April 30, 2022. During the prior year, $4.7m of the Company's $11.1m net income was as a result of the receipt of Hurricane Dorian proceeds. In the current year, cash generated from operating activities decreased by $7.0m primarily due to increased inventory levels as mentioned above. The Company invested a total of $7.0m in capital expenditures primarily to improve leasehold assets and invest in various IT infrastructure across the group, inclusive of $1.75m to purchase Exuma Markets Limited. We collected on our outstanding VAT receivables from the government during the year and used the collected cash to settle outstanding business licenses fees. All other use of cash during the year was comparable to prior periods.

MERCHANDISE INVENTORIES

Merchandise inventory levels increased during the year, mostly during the last quarter. As production around the globe ramped up, our vendors inventory and service levels improved, which had a direct correlation to our improved inventory levels. Management continues to focus on maintaining ideal levels of inventory in store backrooms and eliminating excess, slow-turning inventory. However, inventory levels have also been impacted by an increase in the cost of inventory.

OTHER CURRENT ASSETS

Other current assets decreased to $3.3m at April 30, 2022 from $4.6m at April 30, 2021. In the prior year, the Company had a VAT receivable balance of $2.6m built up from credits generated in our Grand Bahama stores. Following Hurricane Dorian, Grand Bahama was designated a VAT free zone and the Company was required to waive VAT for all approved goods at the point of sale. This resulted in a buildup of credits in the prior year. During the year, the Company collected on this outstanding receivable, which contributed largely to the overall decrease in other current assets. The remaining balances in other current assets relate to security deposits, prepaid rents and utility deposits.

PROPERTY, PLANT, AND EQUIPMENT

At April 30, 2022, net property, plant, and equipment was flat compared to last year. The movement in the balance comprised of additions of $5.7m, depreciation of $4.6m and disposals of $1.1m. Additions were largely due to our Exuma purchase and renovations ($2.2m), Downtown Freeport store build out ($2.1m) and conversion to our new POS ($0.8m).
For the year ended April 30, 2022, the Company did not perform any property revaluations, however Management are of the view that there have been no significant changes in the value of property that would warrant a revaluation outside of the normal revaluation cycle of 3 years.

GOODWILL

During the year, the Company added goodwill of $1.3m from the purchase of Exuma Markets Limited. The Goodwill represented the difference between the consideration paid for the assets of Exuma Markets Limited and the fair value of the assets acquired at the time of purchase.

The Company conducted its annual impairment test by determining the net present value (NPV) of the operating units on which it carries goodwill. In determining the overall NPV of the operating units, the Company used the NPV of projected future cash flows, the NPV of terminal values discounted by the growth rate, and a discount factor based on the Company's weighted average cost of capital (WACC). The NPV was compared to the operating units value in use, to determine whether an impairment existed. The results of the Company's annual impairment test indicated no impairment.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses totaled $15.6m at April 30, 2022 compared to $16.3m at April 30, 2021. During the last quarter of our fiscal year, and as mentioned above, inventory levels increased, which increased our trade payables balance by $1.1m compared to the same period in the prior year. Our taxes payable, comprising primarily of business license fees decreased during the same period by $1.5m, as the Company paid down its fees by offsetting against the outstanding VAT payments due by the Government.

Accrued expenses decreased by $0.4m during the year. Other key components of accrued expenses are amounts accrued for utilities, advertising, and store operating supplies.

PREFERENCE SHARES

For the period ended April 30, 2022, the Company had a total of 8,958 issued and outstanding preference shares compared to 9,584 shares at April 30, 2021. Preference shares attract an interest rate of 6% per annum. During the prior year, the Company restructured its preference shares and several preference shareholders in Class C and D were moved into to a new Class E. In September 2022, subsequent to the end of the fiscal year, the Company provided notice to the remaining Class C and Class D preference shareholders that the Company would be redeeming their shares in December 2022. Dividends of $0.6m were paid to preference shareholders during the year.

BANK LOANS

The Company has two bank loans with RBC Royal Bank (Bahamas) Limited, which bear a blended interest rate of 4.75% each. The Company made principal payments of $1.5m towards the principal outstanding on its bank loans during the year. At April 30, 2022, the total principal amount outstanding on bank loans was $5.6m. In anticipation of future projects, a new credit facility agreement was signed in July 2022 between the Company and RBC, providing for an additional $20m of financing.

SALES

Sales increases were soft during the year as expected. Total sales increased by 0.2% from $174.9m for the 12 months ended April 30, 2021 to $175.3m for the 12 months ended April 30, 2022. Most of the increases in sales between March 2021 and December 2021 were largely due to the positive impact the COVID-19 pandemic had on our sales performance. With the re-opening of restaurants and other food businesses, our food distribution sales decreased by $1.3m or 0.8% over prior year, including sales from our new Exuma Market location. Compared to 2021, both transaction count and average ticket have declined. Franchise sales soared during the year and were up $1.7m or 25% rebounding from a decrease of $1.3m in the prior year. Overall, we are happy that for the 11TH consecutive year, sales have grown year over year despite the challenges faced globally.

GROSS PROFIT

Gross profit margin percentage for the 12 months ended April 30, 2022 improved slightly during the year to 30.9% compared to 30.8%, for the year ended April 30, 2021. Improved sales within our Franchise Division contributed to overall improvement in group gross profit. We are beginning to better understand the factors driving the shrink performance over the past few years. During the year, we focused heavily on delivering consistently on our actions to reduce our perishables shrink and realized a $0.5m improvement in overall perishable shrink. Our margin performance did not increase during the year as expected as we were challenged with vendor cost increases across most product lines. Fortunately, our new pricing tools have allowed us to manage through these rapid changes to maintain similar gross margin levels as in the prior year.

EXPENSES

Our team continues to manage expenses well, particularly during this critical period of uncertainty around the global market and inflation. Selling, General, and Administrative expenses (SGA) for the 12 months ended April 30, 2022 totaled $48.1m and was higher than prior year by $2.1m mostly from the addition of Exuma Markets Limited. Hurricane Dorian impacted insurance premiums across various policy types and overall insurance premiums during the year impacted our expense performance. Additionally, as we poise ourselves as a leader in technology within grocery retail, we have increased our spend on IT infrastructure and services. The shift to cashless payments by customers has resulted in both an increase in card vs cash tenders in our stores and has also increased the transactions paid for through digital currencies. This shift has resulted in an additional $0.3m in bank and other vendor fees associated with providing other avenues for payment.

During the year, a loss of $0.9m associated with the early disposal of our old POS system was incurred. We were eager to launch with our new, grocery specific, customer and associate friendly POS, which has already provided tremendous benefits and cost savings and allowed us to launch our loyalty program, MySolomon's Smart Rewards.

Management has managed expenses well throughout the year and has been able to reduce operating expenses despite the increase in sales. Expenses increased mostly due to the addition of Exuma Markets Limited.

2022-2023 OUTLOOK

OPPORTUNITIES AND INVESTMENTS

Over the next twelve months, we will focus on leveraging our loyalty program and data analytics to understand our customers and service them better, using technology to support our understanding of trends and areas of opportunity within the business. We anticipate an increase in our market share in Grand Bahama through the opening of our new Downtown Freeport location.

The launch of *MySolomon's* Smart Rewards has created quite the excitement among our teams as we are able to finally introduce a loyalty program that is 100% digital. In addition to being able to offer specific coupons through direct marketing, this platform will allow us better understand our customers' shopping habits and ensure that we WOW them whenever they shop with us.

We have invested heavily in technology over the past few years. Implementation of our new POS was the last major step in laying the ground work for future digital projects. In addition to the launch of our loyalty program, we are working to implement Electronic Data Interface (EDI) with our key vendors. EDI allows us to electronically exchange documents like purchase orders, invoices and other documents with suppliers and will replace the manual process of sending these documents. This will lend to significant efficiencies in our processes for ordering and receiving products. We also plan to launch our E-Commerce Division in this 2022/23 fiscal year and are excited about servicing islands throughout The Bahamas, utilizing technology and expanding on our already strong logistics expertise.

Our Exuma store has proved a great addition to our fleet and is only the first of several additions to support our growth strategy. In the upcoming months, we will re-open a third location in Grand Bahama. The Downtown Freeport store opening represents our commitment to Grand Bahamians to rebuild following the loss of our Queen's Highway location as a result of Hurricane Dorian.

Looking at a longer term, we have future plans to expand with new store locations and new revenue streams. We are continuing to position ourselves to achieve our sales goal of $250m by 2030. Future sites will have a smaller footprint and require less capital injection; we also will streamline the design and build out process which will aid in efficiencies for new store builds.

In August 2022, we entered into an agreement for sale to acquire the building that currently houses our Solomon's Supercenter store. The building acquisition is expected to provide improved financial benefits. In addition to finding a home for our Cost Right location, owning the building and operating both Cost Right and a Solomon's neighborhood store from one location will decrease facilities costs and provide several operating synergies. Most notably, we will forgo historically high and increasing rental costs.

ECONOMIC CONDITIONS, CHALLENGES, AND RISKS

There is no doubt that inflation and a potential recession are top of mind for economists and businesses globally and we must be agile to manage profitability throughout this hyperinflationary period. Inflation will have a significant impact on consumer spending habits. As the price of gas and other commodities rise, grocery prices are not expected to get any cheaper. We have already begun to see significant impacts on our inventory valuation from the rise in supplier costs. Overall, inventory levels have increased nearly 20% compared to the same period last year. While a portion of the increase is due to improved in stock levels, a large portion of the increase is representative of cost increases. This has had a direct impact on our cash levels and requires us to keep a keen eye on liquidity levels.

We are betting big on technology, data insights and analytics. With consumer behavior shifting from month to month, it's imperative that we make rapid decisions and be able to quickly adapt our operations to an ever-changing environment. Our loyalty program has launched at the ideal time as the need to know our customers and offer them the right assortment, products, and personalized communications is critical to our success in the retail industry. We must also be more efficient and will look at ways to improve processes and optimize or reduce our current spend to soften any impact to profitability in the event sales soften. We are well positioned and confident that our team will continue to deliver improved results to our shareholders.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of AML Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of AML Foods Limited (the Company) and its subsidiaries collectively, (the Group), which comprise the consolidated statement of financial position as of April 30, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of April 30, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Summary of the Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Impairment of Goodwill	At April 30, 2022, the Group carried Goodwill of $2,976,000 in the consolidated statement of financial position (refer to Note 11 to the consolidated financial statements) which is subject to an annual impairment test. Management's annual impairment assessment is considered to be a matter of key significance because the assessment process is complex and relies on significant estimates and assumptions. Management estimates the discount rate and determines assumptions in forecasting future cash flows. Management's annual impairment assessment indicated no impairment during the year under audit.	In evaluating the impairment of Goodwill, we performed various procedures, including the following: • Reviewed the value in use calculations prepared by management. • Assessed the design and implementation of controls surrounding the preparation of the impairment model. • Involved fair value specialists to support our assessment of key assumptions used by management in the goodwill impairment testing. • Compared the growth rates used to historical data regarding economic growth rates, and assessed key inputs into the cash flow forecast against historical performance and in comparison to management's strategic plans. • Where management's assumptions differed from our expectations, we assessed the impact of the change on the impairment model.

Other Information

Management and those charged with governance are responsible for the Other Information. The Other Information comprises all the information in the AML Foods Limited 2022 annual report, but does not include the consolidated financial statements and our auditors' report thereon ("the Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Talia Sweeting-Albury.

Deloitte & Touche

Nassau Bahamas
October 31, 2022

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2022
(Expressed in thousands of Bahamian dollars except per share amounts)

	April 30, 2022	April 30, 2021
Assets		
Current assets		
Cash and bank balances (Note 5)	$ 9,063	$ 13,781
Term deposits with original maturities greater than 90 days	284	281
Receivables, net of provisions (Note 6)	903	1,015
Merchandise inventories, net of provisions (Note 7)	20,075	17,268
Other current assets (Note 8)	3,321	4,605
Total current assets	33,646	36,950
Non-current assets		
Other assets (Note 9)	3,138	3,313
Property, plant and equipment, net (Note 10)		
Property, land improvements, and buildings	31,203	31,876
Equipment	5,393	6,360
Leasehold improvements	3,938	3,700
Work in progress	2,228	763
	42,762	42,699
Right-of-use asset (Note 15)	24,304	23,797
Goodwill (Note 11)	2,976	1,654
Total non-current assets	73,180	71,463
Total assets	$ 106,826	$ 108,413

(Continued)

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2022
(Expressed in thousands of Bahamian dollars except per share amounts)

	April 30, 2022	April 30, 2021
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued expenses (Note 13)	$ 15,586	$ 16,350
Current portion of bank loan (Note 12)	1,645	1,580
Current portion of preference shares (Note 14)	626	626
Current portion of lease liability (Note 15)	2,583	3,802
Total current liabilities	20,440	22,358
Long-term liabilities		
Bank loan (Note 12)	3,983	5,499
Preference shares (Note 14)	8,332	8,958
Lease liability (Note 15)	24,760	22,979
Total long-term liabilities	37,075	37,436
Total liabilities	57,515	59,794
Shareholders' equity		
Ordinary share capital (Note 16)	7,524	7,524
Treasury shares (Note 16)	(146)	(146)
Contributed surplus	2,231	2,231
Revaluation surplus (Note 10)	6,354	6,354
Retained earnings	33,348	32,656
	49,311	48,619
Total liabilities and shareholders' equity	$ 106,826	$ 108,413

(Concluded)

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors as of October 12, 2022, and are signed on its behalf by:

Director

Director

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
YEAR ENDED APRIL 30, 2022
(Expressed in thousands of Bahamian dollars except per share amounts)

	April 30, 2022	April 30, 2021
Sales (Note 24)	$ 175,300	$ 174,898
Cost of sales	(121,218)	(121,059)
Gross profit (Note 24)	54,082	53,839
Selling, general and administrative expenses (Note 18)	(48,156)	(46,058)
Other operating income (Note 17)	1,418	1,061
Net operating profit	7,344	8,842
Dividends on preference shares (Notes 14 and 24)	(556)	(594)
Interest expense (Notes 12, 15 and 24)	(1,761)	(1,643)
Hurricane recoveries (Note 22)	-	4,669
Pre-opening expenses	(134)	(98)
Loss on disposal of fixed assets (Note 10)	(890)	(30)
Net profit	$ 4,003	$ 11,146

OTHER COMPREHENSIVE INCOME

	April 30, 2022	April 30, 2021
Gain on property revaluation that will not be reclassified subsequently to profit or loss	$ -	$ 2,497
Other comprehensive income	-	2,497
Total comprehensive income	$ 4,003	$ 13,643
Earnings per share (Note 19)	$ 0.27	$ 0.74

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED APRIL 30, 2022
(Expressed in thousands of Bahamian dollars except per share amounts)

	Number of Shares ('000s)	Ordinary Share Capital	Treasury Shares	Contributed Surplus	Revaluation Surplus	Retained Earnings	Total
Balance as of April 30, 2020	**15,049**	**$ 7,524**	**$ (86)**	**$ 2,231**	**$ 3,857**	**$ 24,370**	**$ 37,896**
Shares repurchased (Note 16)		-	(60)	-	-	-	(60)
Net profit from continuing operations		-	-	-	-	11,146	11,146
Other comprehensive income (Note 10)		-	-	-	2,497	-	2,497
Declared dividends ($0.19 per share)		-	-	-	-	(2,860)	(2,860)
Balance as of April 30, 2021	**15,049**	**7,524**	**(146)**	**2,231**	**6,354**	**32,656**	**48,619**
Net profit from continuing operations		-	-	-	-	4,003	4,003
Declared dividends ($0.22 per share)		-	-	-	-	(3,311)	(3,311)
Balance as of April 30, 2022	**15,049**	**$ 7,524**	**$ (146)**	**$ 2,231**	**$ 6,354**	**$ 33,348**	**$ 49,311**

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2022
(Expressed in thousands of Bahamian dollars except shares and per share amounts)

	April 30, 2022	April 30, 2021
Cash flows from operations		
Net profit	$ 4,003	$ 11,146
Adjustments for:		
Depreciation (Notes 10 and 15)	8,276	8,328
Dividends on preference shares (Note 14)	556	594
Increase/ (decrease) in inventory provision (Note 7)	1,129	(1,066)
Decrease in provision for doubtful debts (Note 6)	(73)	(20)
Loss on disposal of property, plant and equipment (Note 10)	890	30
Interest on lease liability (Note 15)	1,454	1,268
Operating cash flow before changes in working capital	16,235	20,280
Decrease / (increase) in working capital source/(use):		
(Increase) / decrease in merchandise inventories (Note 7)	(3,747)	1,129
Decrease / (increase) in receivables (Note 6)	186	(68)
Decrease / (increase) in other current assets (Note 8)	1,284	(1,378)
Decrease / (increase) in other assets (Note 9)	175	(175)
(Decrease) / increase in accounts payable and accrued expenses (Note 13)	(764)	353
Net cash provided from operating activities	13,369	20,141
Cash flows from investing activities		
Movement in term deposits with original maturities greater than 90 days	(3)	(2)
Additions to property, plant and equipment (Note 10)	(5,509)	(2,934)
Proceeds from sale of property, plant and equipment	165	13
Purchase of Exuma Markets Limited (Note 22)	(1,738)	-
Net cash used in investing activities	(7,085)	(2,923)

(Continued)

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2022
(Expressed in thousands of Bahamian dollars except shares and per share amounts)

		April 30, 2022		April 30, 2021
Cash flows from financing activities				
Dividends paid on ordinary shares (Note 16)	$	(3,311)	$	(2,860)
Dividends paid on preference shares (Note 14)		(556)		(594)
Repurchase of shares (Note 16)		-		(60)
Repayment of preference shares (Note 14)		(626)		(627)
Repayment of bank loan (Note 12)		(1,451)		(1,440)
Payment of lease liabilities (Note 15)		(5,058)		(5,153)
Net cash used in financing activities		(11,002)		(10,734)
Net (decrease) / increase in cash and cash equivalents		(4,718)		6,484
Cash, beginning of period		13,781		7,297
Cash, end of period (Note 5)	$	9,063	$	13,781
Supplemental information:				
Interest received	$	5	$	4
Interest paid	$	307	$	375

(Concluded)

See notes to consolidated financial statements.

1. GENERAL INFORMATION

AML Foods Limited ("the Company") is incorporated under the laws of The Commonwealth of The Bahamas and its shares are listed on the Bahamas International Securities Exchange. The registered office of the Company is at One Millars Court, off Shirley Street, Nassau, New Providence, Bahamas and the corporate office is at #20 University Drive, New Providence, Bahamas.

The Company and its wholly owned subsidiaries (together, referred to as "the Group") are primarily engaged in the operations of retail and club stores offering dry and perishable food items and other consumer products, and the operation of food franchise businesses.

The Company has seven (7) subsidiaries that management deems to be significant to the operations of the Company for the year ended April 30, 2022. The Company holds 100% of the voting rights in all subsidiaries. The significant operating entities are all incorporated in The Commonwealth of The Bahamas. These are separated into two operating segments as listed below:

Food Distribution

- Solomon's Supercentre (Nassau) Limited
- Cost Right Nassau Limited
- Solomon's Club (Freeport) Limited
- Thompson Wholesale Limited
- Solomon's Fresh Market Limited
- Bahamas Traders Limited

Franchise

- Caribbean Franchise Holdings Limited

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB effective for annual reporting periods beginning on or after May 1, 2021. The adoption of these standards, amendments and interpretations were not relevant or not significant to the Company's operations and therefore did not have a material impact on the consolidated financial statements.

a. ***Standards and Interpretations effective but not affecting the reported results or financial position***
IAS 39 Financial Instruments: Recognition and Measurement (amended)
IFRS 1 First-time Adoption of International Financial Reporting Standards (amended)
IFRS 4 Insurance Contracts (amended)
IFRS 7 Financial Instruments: Disclosures (amended)
IFRS 9 Financial Instruments (amended)

The above standards have not led to any material changes in the consolidated financial position of the Company during the current year.

b. ***Standards and Interpretations in issue but not yet effective***
IAS 1 Presentation of Financial Statements (amended)
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amended)
IAS 16 Property, Plant and Equipment (amended)
IAS 37 Provisions, Contingent Liabilities and Contingent Assets
IFRS 17 Insurance Contracts (amended)

Management is currently reviewing the potential impact of these new standards and interpretations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance - The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation - The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain land, land improvements and buildings.

Basis of consolidation - The consolidated financial statements include the assets, liabilities, equity, income, expenses, and cash flows of the parent and its subsidiaries and are presented as those of a single economic entity. Subsidiaries are all entities controlled by the Company. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Accounting policies of subsidiaries are consistent with the policies adopted by the Company. All significant inter-company balances and transactions are eliminated on consolidation.

The following is a summary of the significant accounting policies:

a. ***Revenue recognition*** - Revenues comprise the fair value of the consideration received or receivable in the ordinary course of the Company's activities. Revenues are presented net of returns and discounts. The Company derives revenues from two types of operations:

   i. Retail sales, which include grocery, appliances and household items
   ii. Franchise sales, which comprise prepared food

IFRS 15 introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company recognizes revenue from the principal activities as described above. Retail sales in both food distribution and food franchise are usually settled by cash or by credit card at the time of sale.

b. ***Cost of sales*** - Cost of sales consists of the purchase price of inventory sold, shipping charges, import duties and other costs. Cost of sales also includes supplies, shrink, and loss and damage. For Franchise Distribution, cost of sales also comprises all cost associated with the operations of the commissaries including salaries, facilities cost, office costs, motor, and depreciation charges.

Vendor discounts, wherever applicable, are factored into the total landed cost of the inventory.

c. ***Cash and cash equivalents*** - Cash and cash equivalents comprise unrestricted cash on hand and in banks that are available for use in operations and capital expenditures. In the consolidated statement of cash flows, bank overdraft is deducted from cash and cash equivalents to present a net cash position. Cash and cash equivalents also include term deposits with original maturity dates less than 90 days.

d. ***Term deposits*** – Term deposits with original maturity dates greater than 90 days are shown separate and apart from unrestricted funds. Term deposits may be established for a specific purpose and / or for a certain period of time.

e. ***Receivables*** - Under IFRS 9, financial assets should be classified and measured at fair value, with changes in fair value recognized in profit and loss as they arise ("FVPL"), unless restrictive criteria are met for classifying and measuring the asset at either Amortized Cost or Fair Value through Other Comprehensive Income ("FVOCI").

IFRS 9 establishes an "expected credit loss" model for loans and receivables, including trade receivables that focuses on the risk that a loan or receivable will default or become uncollectible rather than whether a loss has been incurred. Under the ECL model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

The Company's trade receivables are not material and do not have a significant financing component and in accordance with IFRS 9 are allowed to be measured at undiscounted invoice price rather than fair value. Based on this treatment, there was no material impact on the treatment of the Company's receivables balance.

f. ***Merchandise inventories*** - Food distribution and franchise inventories are stated at the lower of weighted average cost less provisions and net realizable value.

Provisions for shrinkage are made for differences between book value and the last physical inventory count based on percentage of sales. Provisions are also made for slow moving and obsolete inventory by applying a range of percentages to inventory aging reports. Losses and damages incurred during the normal course of business are recognized in the consolidated statement of comprehensive income at the time that such impairment is known. These are made in order to estimate the amount by which inventory needs to be reduced to estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to conclude the sale.

g. ***Property, plant and equipment*** – Property and buildings are stated at fair value as determined by the Board of Directors. The Directors obtain independent valuations every three years unless a significant event occurs earlier which may materially impact property values. Any increase in the carrying value of an asset as a result of a revaluation is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the reversal is credited to the profit or loss to the extent of the decrease previously expensed. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same asset. No depreciation is provided on land.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as the other property assets.

Equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on a straight-line basis on cost or revalued amounts over the estimated useful lives of the assets as follows:

Land improvements	10 years
Buildings	40 years
Furniture, fixtures and equipment	2 - 10 years
Motor vehicles	4 years
Computer equipment and software costs	3 - 4 years
Leasehold improvements	Lesser of 7 years or the life of the relevant lease where renewal is not expected

At the time assets are retired or otherwise disposed of, the cost and related accumulated depreciation and revaluation surplus are eliminated from the accounts and any gain or loss on the transaction is recognized in the consolidated statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other costs are classified as repairs and maintenance and are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

h. ***Business combinations*** - The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

i. ***Goodwill*** - Goodwill represents the excess of the acquisition cost of subsidiaries over the fair value of net identifiable assets acquired at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The Company performs an impairment exercise annually or earlier if indications of impairment exist. An impairment loss for a business unit arises when the assets in use, including goodwill, exceed the recoverable amount, which is calculated as the higher of net selling price and value in use.

j. ***Impairment of intangible and tangible assets other than goodwill*** - At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k. ***Dividends*** - Dividends on ordinary shares are paid out of net profits at the discretion of the Board of Directors. Dividends declared and paid are recognized in the period declared in the consolidated statement of changes in equity.

l. ***Preference shares*** - Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in the consolidated statement of comprehensive income.

m. ***Treasury shares*** - Shares purchased under the Company's share buyback plan are recorded at cost plus applicable fees. Dividends received on these shares are offset against total dividends paid.

n. ***Defined contribution pension plan*** - The Company maintains a defined contribution pension plan. The Company's contribution to the defined contribution pension plan is limited to 5% of a participant's annual base salary. All funds are held together in trust by an independent third party.

The Company's contributions to the plan are recognized as an expense in the consolidated statement of comprehensive income as incurred. The Company does not manage or administer the plan and its obligation is limited to the amount of its contribution. The funds are remitted to a third party manager.

o. ***Segment reporting*** - A segment is a distinguishable component of the Company that is engaged either in providing products (business segment), or in providing products within an economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

p. ***Foreign currency translation*** - Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency").

The consolidated financial statements are presented in Bahamian dollars, which is the Company's functional and reporting currency.

Monetary assets and liabilities denominated in foreign currencies other than the Bahamian dollar are translated at the exchange rates in effect at the year-end date. Income and expenses in foreign currencies are translated at the rates in effect at the transaction dates.

q. ***Leases*** - Leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company. The right of use asset is presented separately in the statement of financial position. At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use asset during the lease term:

- Fixed payments
- Variable lease payments that are based on an index or rate

The lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of the liability is remeasured to reflect any re-assessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of lease. Periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at the amount of the initial measurement of the lease liability. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. The amortization period for the right-of-use assets are as follows:

Buildings	2 - 40 years

r. ***Related parties*** - Related parties are defined as follows:

i. Controlling shareholders;
ii. Subsidiaries;
iii. Associates;
iv. Directors;
v. Individuals owning, directly or indirectly, an interest in the voting power that gives them significant influence over the enterprise, i.e. normally more than 20% of shares (including close family members of such individuals);
vi. Key management personnel - persons who have authority for planning, directing and controlling the enterprise (including close family members of such individuals);
vii. Enterprises owned by the individuals described in (iv) and (v).

s. ***Selling, general and administrative expenses*** - Selling, general and administrative expenses include all operating costs of the Company except cost of sales, as described above.

t. ***Pre-opening costs*** - The cost of start-up activities, including organization costs, related to new store openings. Store remodels, expansions, and relocations are expensed as incurred.

u. ***Equity instruments*** - An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are detailed in Note 3, management is required to make judgments and estimates about the carrying amounts of certain assets and liabilities. Those judgments and estimates are based on historical experience and other relevant industry standards. Actual results may vary from management's judgments and estimates.

These judgments and estimates are periodically reviewed and revised when necessary. Revisions are recognized in the applicable accounting periods.

Following are judgements and estimates that management has made when applying the Company's accounting policies, which have the most significant impact on the consolidated financial statements.

a. **Business combinations** – The Company acquired the assets of Exuma Markets Limited during the year. In its purchase price allocation, Management used estimates to determine the fair value of the assets acquired which comprised of merchandise inventories, equipment and motor vehicles. Additionally, Management used judgment in determining the allocation of the excess of the purchase price over the fair value of assets acquired as Goodwill.

b. **Goodwill -** Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Management uses estimates to determined the fair value of assets at purchase.

   The Company performs an annual test to determine if any impairment has occurred to the carrying value of goodwill. In carrying out this test, management uses estimates and projections to determine net present value (NPV) of the cash generating units goodwill by calculating NPV of projected cash flows and NPV of terminal values discounted by discounted growth rate and a discount factor based on the Company's weighted average cost of capital (WACC). These estimates are based on government prime rate, estimated internal growth rate, and calculating cost of equity and debt to determine the Company's WACC.

c. **Inventory -** The Company's gross inventory is calculated using weighted average cost. In order to assess net inventory values, the Company makes a provision for loss and damage (inventory that is found to be non-sellable) and shrink (difference between book value and periodic physical counts). A series of estimates are used for each category of product based on historical performance and U.S. industry norms adjusted for the Bahamian market. The Company makes a further provision for obsolescence by applying defined discounts based on an inventory aging report.

d. **Leases -** The Company is unable to readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. CASH, BANK BALANCES AND BANK OVERDRAFT

The Company was in compliance with all of its covenants as of April 30, 2022. These covenants are in relation to the overall credit arrangements with the Company's bankers.

The credit arrangements with RBC Royal Bank (Bahamas) Ltd. were renegotiated with effect from February 3, 2021. The credit facilities are secured with guarantees and postponement of claims, by fixed and floating debentures over all of the Company's assets and by the assignment of insurance policies pertaining to loss of profits, and damage to buildings, equipment and inventories. The Company maintains an overdraft facility of $2 million bearing an interest rate of Bahamian Prime of 4.25% plus 0.5%.

6. RECEIVABLES, NET OF PROVISIONS

Receivables consist of the following:

	2022	2021
Trade receivables	$ 991	$ 1,176
Less: Provision for doubtful accounts	(88)	(161)
Total	$ 903	$ 1,015

The aging of receivables is as follows:

	2022	2021
0 to 30 days	$ 804	$ 874
31 to 60 days	50	107
61 to 90 days	52	25
91 days and over	85	170
Total	$ 991	$ 1,176

(Continued)

Movement in the provision for doubtful accounts	**2022**	**2021**
Balance at beginning of the year	$ (161)	$ (181)
Impairment losses recognized on receivables	23	(40)
Amounts written off during the year as uncollectible	50	60
Balance at end of the period	$ (88)	$ (161)

Management has deemed $99 (2021: $180) of the receivables to be past due, but not impaired.

As at April 30, 2022, the total amount of all receivables deemed uncollectible was $59 (2021: $122). These amounts are included in the total receivables balance.

(Concluded)

7. MERCHANDISE INVENTORIES, NET OF PROVISIONS

Merchandise inventories consist of the following:

	2022	**2021**
Food distribution	$ 21,167	$ 17,282
Franchise	507	456
	21,674	17,738
Less: Provisions	(1,599)	(470)
Total	$ 20,075	$ 17,268

8. OTHER CURRENT ASSETS

Other current assets consist of the following:

	2022	**2021**
Prepayments	$ 2,266	$ 3,779
Security deposits	1,055	826
Total	$ 3,321	$ 4,605

9. OTHER ASSETS

On September 21, 2016, the Company signed an agreement to purchase a building located at Soldier Road Industrial Site for $3,359. Subsequent to the payment of the final purchase price in July 2017, a dispute arose as to the ability of the vendors to provide good title to the property. This dispute is currently before the Supreme Court. Included in other assets is $3,138 (2021: $3,138) which excludes value added taxes.

10. PROPERTY, PLANT AND EQUIPMENT, NET

The movement in property, plant and equipment for the year is as follows:

	Property, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At April 30, 2021	$ 32,347	$ 28,115	$ 17,901	$ 763	$ 79,126
Additions	-	2,520	1,029	2,187	5,736
Disposals	-	(8,041)	(2,657)	-	(10,698)
Transfers	8	220	494	(722)	-
At April 30, 2022	$ 32,355	$ 22,814	$ 16,767	$ 2,228	$ 74,164
Accumulated depreciation:					
At April 30, 2021	$ 471	$ 21,755	$ 14,201	$ -	$ 36,427
Depreciation	681	2,718	1,219	-	4,618
Elimination on disposal	-	(7,052)	(2,591)	-	(9,643)
At April 30, 2022	$ 1,152	$ 17,421	$ 12,829	$ -	$ 31,402
Net book value:					
At April 30, 2022	$ 31,203	$ 5,393	$ 3,938	$ 2,228	$ 42,762

	Property, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At April 30, 2020	$ 31,200	$ 27,080	$ 17,278	$ 484	$ 76,042
Additions	-	1,469	724	739	2,932
Disposals	-	(894)	(101)	-	(995)
Transfers	-	460	-	(460)	-
Revaluation	1,147	-	-	-	1,147
At April 30, 2021	$ 32,347	$ 28,115	$ 17,901	$ 763	$ 79,126
Accumulated depreciation:					
At April 30, 2020	$ 1,213	$ 19,893	$ 13,018	$ -	$ 34,124
Depreciation	608	2,739	1,259	-	4,606
Elimination on disposal	-	(877)	(76)	-	(953)
Revaluation	(1,350)	-	-	-	(1,350)
At April 30, 2021	$ 471	$ 21,755	$ 14,201	$ -	$ 36,427
Net book value:					
At April 30, 2021	$ 31,876	$ 6,360	$ 3,700	$ 763	$ 42,699

(Continued)

The Company's accounting policy is to revalue land, property and buildings, which comprise of retail store locations and a food franchise commissary. Because of the size and nature of these properties, and the fact that these properties are in markets that have little or no comparable real estate transactions, the majority of the appraisals are valued using the income capitalization method. In the prior year, the Company obtained independent appraisals and recorded adjustments, based on the results, at April 30, 2021 for all land, property and buildings except its Queen's Highway location. Based on the appraisals, the value of land, property and buildings were increased by $2.5 million which is included in the revaluation surplus in the statements of Other Comprehensive Income and Changes in Equity.

The net book value of property and buildings that would have been included in the consolidated financial statements had the Company not adopted a revaluation policy is $23,789 (2021: $24,144).

The fair value measurement of the Company's property and buildings is categorized in Level 3 in the fair value hierarchy. There were no transfers between the levels during the year.

(Concluded)

11. GOODWILL

Goodwill on business acquisitions is as follows:

	2022	2021
Balance, beginning of period	$ 1,654	$ 1,654
Acquisition of Goodwill from Exuma Markets Limited	1,322	-
Balance, end of period	$ 2,976	$ 1,654

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Cost Right Freeport
- Domino's
- Exuma Markets

The Company's annual impairment exercise indicated no impairment on the remaining goodwill as of April 30, 2022 (2021: $Nil). The Company based its valuation of the units to which goodwill has been assigned using the net present value ("NPV") of projected cash flows and terminal values. The NPV of projected cash flows were based on cash flows for five years using the Company's base growth rate multiplied by discounted weighted average cost of capital ("WACC") less the perpetual growth rate. The Company used a WACC between 12.2% to 13.3% and growth rate assumptions of -5.4% to 10% in its valuation. The NPV of the terminal value was determined by multiplying the annual cash flows by the discount factor. An increase in WACC to 15% or a growth rate of less than 2% could result in an impairment.

12. BANK LOAN

The Company's credit arrangement with RBC Royal Bank (Bahamas) Limited includes two reducing demand loans totaling $14,250, repayable over 10 years at a blended rate of Bahamas Prime + 0.5%. As of April 30, 2022, both loans were fully drawn down.

(continued)

The credit facilities are secured with guarantees and postponement of claims, by fixed and floating debentures over certain Company assets and by the assignment of insurance policies pertaining to loss of profits, and damage to buildings, equipment and inventories.

	2022	2021
Due within 1 year	$ 1,645	$ 1,580
Due within 2 to 5 years	3,983	4,888
Due > 5 years	-	611
Total	$ 5,628	$ 7,079

(concluded)

13. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	2022	2021
Accounts payable - trade	$ 9,355	$ 8,203
Taxes payable	491	1,994
Accrued expenses	5,740	6,153
Total	$ 15,586	$ 16,350

14. PREFERENCE SHARES

The Company's authorized capital consists of $150,000 Redeemable Non-Voting Cumulative Preference Shares.

Preference shares are entitled to cumulative preferential dividends and are redeemable at the issue price. The Company may redeem the shares, in whole or in part, earlier than scheduled by giving the shareholders 90 days written notice. During the year ending April 30, 2022, quarterly dividends totaling $556 (2021: $594) were paid to preference shareholders.

During the year, the Company restructured its existing preference debt to allow for an interest only period until 2025. Preference shareholders who participated in the restructure were moved to a newly formed Preference Share Class E. Preference shareholders who opted not to participate in the restructuring continue to receive annual principal payments in accordance with their Class C or Class D terms. A total of $1.1 million preference shares were restructured and transferred to class E.

(Continued)

As of April 30, 2022, the following classes of preference shares which bear interest of 6% per annum were issued and outstanding at $1,000 per share:

Class	Authorized	Issued and Outstanding 2022	2021
C	25,000	1,069	1,423
D	25,000	1,089	1,361
E	25,000	6,800	6,800
	75,000	8,958	9,584

They are redeemable as follows:

	2022	2021
Due within 1 year	$ 626	$ 626
Due within 2 to 5 years	4,802	3,653
Due > 5 years	3,530	5,305
Total	$ 8,958	$ 9,584

(Concluded)

15. LEASES

The Company and its subsidiaries lease certain retail and office space under non-cancellable operating leases. As of April 30, 2022, 14 leases (2021: 15) are in effect. Three of these leases include variable lease terms where rent is paid at a minimum of $500 thousand annually or a range of 3% to 3.5% of sales. Additionally, 11 of the leases include lease extension options that allow the Company to extend for periods from 2 years to 19 years. The leases do not provide for any restrictions that could impact the current nature of the operations.

Right-of-use assets

The statement of financial position shows a separate line item for the right-of-use assets, which comprises the following:

	2022	2021
Right-of-use assets		
Property, land improvements and buildings	$ 24,304	$ 23,797

(Continued)

Movement in right-of-use asset is as follows:

	2022	2021
Beginning balance	$ 23,797	$ 27,115
Additions - new lease contracts	4,165	-
Adjustments to leases during the year	(78)	404
Depreciation for the year	(3,580)	(3,722)
Ending balance	**$ 24,304**	**$ 23,797**

The following amounts are recognized in the statement of profit or loss:

	2022	2021
Depreciation charge for right-of-use assets	$ 3,580	$ 3,722
Interest expense on lease liabilities (included in interest expense)	1,454	1,268
Expense relating to variable lease payments not included in lease liabilities (included in selling, general and administrative expenses)	1,830	1,581
Total expenses related to leases	**$ 6,864**	**$ 6,571**

<u>*Cashflows*</u>

The following amounts are recognized in the statement of cash flows related to leases:

	2022 IFRS 16	2021 IFRS 16
Cash outflows for leases (IFRS 16) - financing activities		
Principal	$ 3,604	$ 3,887
Interest	1,454	1,268
	5,058	**5,155**
Cash outflow for leases (IAS 18) - operating activities	**1,830**	**1,581**
Total cash outflows	**$ 6,888**	**$ 6,736**

The maturity analysis for the undiscounted lease payments to be made after April 30, 2022 in relation to non-cancellable operating leases are as follows:

	2022	2021
Due within 1 year	$ 2,322	$ 4,557
Due within 2 to 5 years	3,703	9,260
Due > 5 years	-	1,173
Total	**$ 6,025**	**$ 14,990**

(Concluded)

16. ORDINARY SHARE CAPITAL AND TREASURY SHARES

As of April 30, 2022, 15,049,346 (2021: 15,049,346) ordinary shares of par value of $0.50 each were issued and fully paid.

In June 2014, the Company re-instated a share buy-back plan. This program is to be reviewed annually by the Board of Directors. During the year ended April 30, 2022, no shares (2021: 17,800) had been repurchased. The aggregate cost of shares purchased in 2021 totaled $60 thousand. The total amount of treasury shares at April 30, 2022 was 41,298 (2021: 41,298) with an aggregate cost of $146 (2021: $146).

17. OTHER OPERATING INCOME

Other operating income comprises rental income, interest income, and other miscellaneous income such as refund from concessions, club membership, sale of gift cards and certificates, commissions from ATMs, vending machines, phone cards, and purchasing rebates.

	2022	2021
Miscellaneous income	$ 1,223	$ 896
Rental income	190	161
Interest income	5	4
Total	**$ 1,418**	**$ 1,061**

18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Included in selling, general and administrative expenses are the following items:

	2022	2021
Payroll and related costs	$ 20,362	$ 19,683
Depreciation	8,197	8,240
Facilities and rent	8,373	7,677
Sales and marketing expenses	6,555	5,899
Other costs	2,534	2,507
Office and computer costs	1,769	1,700
Directors' fees	202	183
Pension contributions	164	169
Total	**$ 48,156**	**$ 46,058**

Included in payroll and related costs is $1,986. (2021: $1,583) representing compensation for key members of management. This amount includes salaries and other employee benefits.

19. EARNINGS PER SHARE

Earnings per share are calculated by dividing the results for the period by the weighted average number of ordinary shares in issue less treasury shares during the respective periods. There were no dilutive transactions during the period that would have an impact on earnings per share.

Earnings per share have been calculated based on the following:

	2022	2021
Net profit applicable to continuing operations	$ 4,003	$ 11,146
Weighted average number of ordinary shares outstanding ('000s)	15,008	15,013

20. COMMITMENTS AND CONTINGENCIES

Capital commitments amounting to $910 were outstanding as of April 30, 2022 (2021: $1,575).

Legal contingencies - The Company and its subsidiaries are involved in various claims and legal actions arising in the ordinary course of business, in which it is a defendant. Based on legal advice, Management has assessed the likelihood of loss, made accruals where deemed necessary, and do not expect the final outcomes of the legal actions to have a material effect on the Company's consolidated financial position.

The Company has letters of credit and guarantees of $3,720 outstanding as of April 30, 2022 (2021: $2,985).

21. RELATED PARTY TRANSACTIONS

The Company has leases with companies in which a Director had a significant influence as follows:

- A five-year lease term renewable for five subsequent periods of five years each with rent totaling $734 (2021: $755). The minimum lease payments over the non-cancellable period of this lease at April 30, 2022 was $2,988 (2021: $529).

- A month-to-month lease under terms of an expired agreement with rent totaling $0 (2021: $64).

- The Company has also leased space to a company in which a Director is the principal and received $51 (2021: $43) in rental payments. As at April 30, 2022, $9 (2021: $11) was included in receivables related to this lease.

22. PURCHASE OF EXUMA MARKETS

In June 2021, the Company completed the purchase of the assets of Exuma Markets Limited located in Georgetown, Exuma, Bahamas for a total purchase price of $1.75m. The assets acquired comprised of merchandise inventories, equipment and motor vehicles with a fair value of $0.4m. The Company also acquired the rights to use the Exuma Markets trade name. The Company has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue and has concluded that the acquired set is a business. The Company recorded goodwill of $1.3 million related to the acquisition.

In connection with the purchase, the Company also entered into two separate leases to lease the Exuma Markets store space and a warehouse space in Exuma.

23. HURRICANE LOSSES

The Company experienced losses related to Hurricane Dorian which made landfall in Grand Bahama on September 1, 2019. As a result of the hurricane, the Solomon's Freeport, location, located on Queen's Highway, Grand Bahama was damaged and has remained closed since the passing of the Hurricane. The Company's Cost Right Freeport and Solomon's Lucaya locations also experienced losses but to a lesser degree. Included in hurricane losses are losses as follows, net of partial insurance proceeds received for inventory losses:

	2022	**2021**
Inventory losses	$ -	$ 62
Payroll and benefit related losses	-	2
Other losses	-	216
Total hurricane loss	**-**	**280**
Insurance proceeds	-	(4,949)
Total hurricane (income) loss, net	**$ -**	**$ (4,669)**

24. SEGMENT REPORTING

Segment reporting is presented in the Company's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments - The Company and its subsidiaries operated on three Islands within The Bahamas during the fiscal year: Grand Bahama, Exuma and New Providence.

The Company considers the economic environment in the three Bahamian Islands to be similar in terms of risks and returns, and therefore concludes that it operates in one geographic segment.

Business segments - The Company and its subsidiaries operate principally in three business segments: Food Distribution, Food Franchise and Corporate. The Food Distribution segment consists of the retail and club distribution of consumer and food products in Grand Bahama, Exuma and New Providence. The Food Franchise segment consists of the manufacturing and delivery of pizza in Grand Bahama and New Providence. The Corporate segment consists of the Company's real estate and corporate management.

(Continued)

	Food Distribution		Food Franchise		Corporate		Consolidation	
	2022	2021	2022	2021	2022	2021	2022	2021
Sales	$ 166,740	$ 168,058	$ 8,560	$ 6,840	$ -	$ -	$ 175,300	$ 174,898
Gross profit	48,329	49,741	5,753	4,098	-	-	54,082	53,839
Gross profit %	29.0	29.6	67.2	59.9	-	-	30.9	30.8
Operating profit / (loss)	24,272	14,428	1,110	228	(10,865)	2,396	14,517	17,052
Depreciation and amortisation of franchise fees	(5,951)	(5,954)	(427)	(498)	(1,819)	(1,788)	(8,197)	(8,240)
Dividends on preference shares	-	-	-	-	-	-	(556)	(594)
Interest expense	-	-	-	-	-	-	(1,761)	(1,643)
Hurricane expenses	-	-	-	-	-	-	-	4,669
Pre-opening expenses	-	-	-	-	-	-	-	(98)
Net profit from continuing operations	**$ 18,321**	**$ 8,474**	**$ 683**	**$ (270)**	**$ (12,684)**	**$ 608**	**$ 4,003**	**$ 11,146**

(Concluded)

25. FINANCIAL INSTRUMENTS

The Company in the normal course of business uses various types of financial instruments. Information on financial risks and fair value of these financial instruments is set out below.

a. Interest rate risk - The Company is exposed to interest rate risk on term deposits and long-term debt, except preference shares which have a fixed interest rate. Management monitors interest bearing assets and liabilities to minimize the gap between interest rates.

   If interest rates had been 1% higher/lower, comprehensive income for the year ended April 30, 2022 would decrease/increase by $78 (2021: $87) as a result of the change in interest rate.

b. Credit risk - The Company is exposed to credit risk in respect of losses that would have to be recognized if counterparties fail to perform as contracted.

   The Company's exposure to credit risk is primarily in respect of accounts receivable, bank balances, and short-term deposits. Credit risk on bank balances and short-term deposits is limited because counterparties are reputable and well-established financial institutions. The Company's credit risk is thus primarily limited to accounts receivable, which is shown net of provision for doubtful accounts. The Company has no significant concentration of credit risk.

c. Liquidity risk - The Company is exposed to liquidity risk if it encounters difficulty in raising funds to meet commitments associated with financial instruments.

   Prudent liquidity risk management implies maintaining sufficient cash. The Company monitors and maintains a level of bank balances deemed adequate to finance its operations. The Company deposits cash with financial institutions of good standing and maintains an overdraft facility as described in Note 5.

d. Capital risk management - The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the year ended April 30, 2021.

   The capital structure of the Company includes debt and equity comprised of issued capital, reserves, and retained earnings.

e. Fair value of financial assets and liabilities - The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

   In management's opinion, the estimated fair value of financial assets and financial liabilities at April 30, 2022 were not materially different from their carrying values.

   The fair values of accounts receivable, bank balances, inventories, other assets and accounts payable and accrued expenses are not considered to be materially different from their carrying values due to their short-term nature.

26. SUBSEQUENT EVENTS

In July 2022, the Company signed a new credit facility letter with RBC providing for an additional $20 million in financing and an increase of $1 million of its overdraft facility. The agreement stipulates a floating interest rate of Bahamian Prime of 4.25% less 0.65% on all new and existing loan and overdraft facilities.

The Company declared ordinary dividends of $0.04 per share and an extraordinary dividend of $0.03 per share to shareholders as of record date August 24, 2022 and paid on August 31, 2022.

The Company further declared ordinary dividends of $0.04 per share per share to shareholders as of record date September 21, 2022 and paid on September 28, 2022.

In August 2022, the Company entered into an agreement for sale to acquire the building that currently houses its Solomon's Supercenter store for a price of $9.5 million.

In September 2022, the Company issued notice to its preference share holders of Class C and Class D shares to fully redeem the outstanding principal amounts in December 2022.

In October 2022, The Government of The Bahamas announced that effective October 17, 2022, several additional items would be subject to price control for a period of six months. During this period, the maximum profit percentage market up allowed on items will range from 15% to 25%. Management is assessing the impact that this will have on overall profitability of the business in addition to any potential impairment of goodwill of the CGUs affected.

* * * * * *

Making a Difference

In our community, being a neighbourhood grocery store is more than just selling groceries. It's also about supporting the neighbourhoods and communities that we serve. Through our advocacy programs we are committed to helping feed families facing food insecurity, empowering youth, and protecting our environment for the benefit of future generations. We stand by our pledge to build and support our communities and use our voice and strength to nurture positive change.

Each of our stores donate products that go unsold but remain fit to be enjoyed. Over the past year we donated more than $100,000 in cash and quality products, to various feeding charities and organizations, working daily to assist individuals and families in need. This equates to more than 25,000 meals to a wide range of recipients in our community. We have also donated approximately $50,000 to many local non-profit organizations that are making our neighbourhoods better places to live and helping to build a sustainable future.

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STORES DIRECTORY

RETAIL DIVISION SOLOMON'S

NEW PROVIDENCE

Solomon's Supercentre
Old Trail Road

Solomon's Yamacraw
Yamacraw Hill Road

GRAND BAHAMA

Solomon's Lucaya
Sea Horse Shopping Plaza

EXUMA

Exuma Markets
George Town

RETAIL DIVISION SOLOMON'S FRESH MARKET

NEW PROVIDENCE

Solomon's Fresh Market
Old Fort Bay Town Centre

Solomon's Fresh Market
Harbour Bay Shopping Plaza

WAREHOUSE CLUB DIVISION COST RIGHT

NEW PROVIDENCE

Cost Right Wholesale Club
Town Centre Mall

GRAND BAHAMA

Cost Right Wholesale Club Freeport
The Mall Drive

FRANCHISE DIVISION DOMINO'S PIZZA

NEW PROVIDENCE

Blue Hill Road
Cable Beach Shopping Center
Carmichael Road
Coral Harbour Shopping Center
Golden Gates Shopping Center
Harbour Bay Shopping Plaza
Mall at Marathon
Sea Grapes Shopping Center
South Beach Shopping Center

GRAND BAHAMA

RND Plaza