



CEO Message Q2 2022-2023

The Board of Directors at *AML Foods Limited* today announced results for the second quarter ended October 31st, 2022. Sales were \$41.7m, an improvement of 2.7%, compared to \$40.6m for the same period in the prior year. During the quarter, the company recorded a net loss of \$0.3m or 0.7% of sales, compared to a net profit of \$66k or 0.2% of sales for the same period in the previous year.

We continue to be affected by inflation pressures and our customers' shopping behaviour indicates rising prices are influencing how they spend. Our focus is on providing our customers with value and we will continue to work with suppliers and source products that offer the best deals.

During the quarter we celebrated the successful opening of our newest store, Solomon's Downtown Freeport. The store has received tremendous response from the Grand Bahama community, and while it is still very early, is performing well. As we exit what historically has been our weakest period and move into our stronger performing quarters and the holidays, our team is well prepared and look forward to finishing the year on a high note.

Based on the quarter's performance the Board of Directors have approved an ordinary dividend payment of \$0.04 per share, payable on December 28th, 2022, to shareholders on record as of December 21st, 2022.

On behalf of the Board of Directors I would like to thank our dedicated and hard-working associates for your commitment to our company and our customers for your loyal support of our businesses. Season's Greetings, and best wishes for a Happy and Prosperous New Year.

Sincerely,

Gavin Watchorn
CEO & President

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31st OCTOBER 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed In thousands of Bahamian dollars)

	As At October 31, 2022	As At April 30, 2022
Assets		
Current assets		
Cash and bank balances	\$ 6,967	\$ 9,063
Term deposits with original maturities greater than 90 days	284	284
Receivables, net of provision	765	903
Merchandise inventories, net of provisions	23,408	20,075
Other current assets	2,965	3,321
Total current assets	34,389	33,646
Non-current assets		
Other assets	3,138	3,138
Property, plant and equipment, net		
Property, land improvements, and buildings	30,862	31,203
Equipment	4,883	5,393
Leasehold improvements	3,573	3,938
Work in progress	5,626	2,228
	44,944	42,762
Right of use asset	22,739	24,304
Goodwill	2,976	2,976
Total assets	\$ 108,186	\$ 106,826
Liabilities		
Current liabilities		
Bank overdrafts	28	-
Accounts payable and accrued expenses	17,686	15,586
Current portion of preference shares	626	626
Current portion of bank loan	1,625	1,645
Current portion of lease liability	1,902	2,583
Total current liabilities	21,867	20,440
Longterm liabilities		
Preference shares	7,706	8,332
Bank loan	6,163	3,983
Lease liability	23,808	24,760
	37,677	37,075
Shareholders' equity		
Ordinary share capital	7,524	7,524
Treasury shares	(146)	(146)
Contributed surplus	2,231	2,231
Revaluation surplus	6,354	6,354
Retained earnings	32,679	33,348
	48,642	49,311
Total liabilities and shareholders' equity	\$ 108,186	\$ 106,826

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31st OCTOBER 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed In thousands of Bahamian dollars except per share amounts)

	Quarter ended October 31, 2022	Quarter ended October 31, 2021
Sales	\$ 41,671	\$ 40,636
Cost of sales	(29,400)	(28,118)
Gross profit	12,271	12,518
Selling, general and administrative expenses	(12,360)	(11,905)
Other operating income	363	192
Net operating profit	274	805
Interest expense	(386)	(536)
Dividends on preference shares	(134)	(144)
Net profit (loss) before extraordinary expenses	(246)	125
Pre-opening expenses	(52)	(52)
Loss on disposal of property, plant & equipment	-	(7)
Net profit (loss)	\$ (298)	\$ 66
Earnings per share	<u>\$ (0.02)</u>	<u>\$ 0.00</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR YEAR TO DATE 31st OCTOBER 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Expressed In thousands of Bahamian dollars except per share amounts)

	Year to Date October 31, 2022	Year to Date October 31, 2021
Sales	\$ 85,523	\$ 83,569
Cost of sales	(59,407)	(57,497)
Gross profit	26,116	26,072
Selling, general and administrative expenses	(24,836)	(24,183)
Other operating income	801	393
Net operating profit	2,081	2,282
Interest expense	(766)	(955)
Dividends on preference shares	(269)	(288)
Net profit before extraordinary expenses	1,046	1,039
Pre-opening expenses	(53)	(132)
(Gain) / Loss on disposal of property, plant & equipment	(7)	109
Net profit	\$ 986	\$ 1,016
Earnings per share	<u>\$ 0.07</u>	<u>\$ 0.07</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT QUARTER ENDED 31st October 2022
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed In thousands of Bahamian dollars)

	No. of Shares ('000s)	Share Capital	Treasury Shares	Contributed Surplus	Revaluation Surplus	Retained Earnings	Total
Balance as of April 30, 2021	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 6,354	\$ 32,656	\$ 48,619
Net profit from operations		-	-	-	-	4,003	4,003
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
Net profit from operations		-	-	-	-	986	986
Dividends (\$0.11 per share)		-	-	-	-	(1,655)	(1,655)
Balance as of October 31, 2022	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 6,354	\$ 32,679	\$ 48,642

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR YEAR TO DATE 31st OCTOBER 2022
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed In thousands of Bahamian dollars)

	Year to Date October 31, 2022	Year to Date October 31, 2021
Cash flows from operating activities		
Net profit	\$ 986	\$ 1,016
Adjustments for:		
Depreciation and amortization	3,514	4,187
Dividends on preference shares	269	288
Decrease in provision for doubtful debts	-	(61)
(Decrease) / Increase in inventory provision	(839)	70
Loss / (Gain) on disposal of property, plant and equipment	7	(109)
Interest on lease liability	617	792
Operating cash flow before changes in working capital	4,554	6,182
Working capital source / (use)		
Accounts receivable	138	(499)
Merchandising inventories	(2,494)	(1,147)
Other current assets	356	612
Increase in other assets	-	175
Accounts payable and accrued expenses	2,100	213
Net cash provided by operating activities	4,654	5,536
Investing activities source / (use)		
Additions to property, plant and equipment	(4,138)	(2,276)
Proceeds from disposal of property & equipment	1	154
Investment in Exuma Markets	-	(1,322)
Net cash used in investing activities	(4,137)	(3,444)
Financing activities source / (use)		
Dividends paid on ordinary shares	(1,655)	(1,655)
Dividends paid on preference shares	(269)	(288)
Repayment of bank loan	(841)	(689)
Repayment of preference shares	(626)	(626)
Proceeds from loan	3,000	-
Payment of lease liability	(2,250)	(2,442)
Net cash used in financing activities	(2,641)	(5,700)
Decrease in cash	(2,124)	(3,608)
Cash, beginning of period	9,063	13,781
Cash, end of period	6,939	10,173

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST OCTOBER 2022

SEGMENT REPORTING

(Expressed in thousands of Bahamian Dollars)

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.

3 Months Ended	Food Distribution		Food Franchise		Corporate		Consolidation	
	31-Oct-22	31-Oct-21	31-Oct-22	31-Oct-21	31-Oct-22	31-Oct-21	31-Oct-22	31-Oct-21
Sales	\$ 39,345	\$ 38,596	\$ 2,326	\$ 2,040	\$ -	\$ -	\$ 41,671	\$ 40,636
Cost of sales	(28,597)	(27,445)	(803)	(673)	-	-	(29,400)	(28,118)
Gross Profit	10,748	11,151	1,523	1,367	-	-	12,271	12,518
Selling, general and administrative expenses	(8,012)	(7,567)	(1,318)	(1,257)	(3,030)	(3,081)	(12,360)	(11,905)
Other operating income	126	163	-	-	237	29	363	192
Loss on disposal of fixed assets	-	-	-	-	-	(7)	-	(7)
Interest expense	(296)	(371)	(7)	(87)	(83)	(78)	(386)	(536)
Dividends on preference shares	-	-	-	-	(134)	(144)	(134)	(144)
Pre-opening expenses	-	-	-	-	(52)	(52)	(52)	(52)
Net profit	\$ 2,566	\$ 3,376	\$ 198	\$ 23	\$ (3,062)	\$ (3,333)	\$ (298)	\$ 66

6 Months Ended	Food Distribution		Food Franchise		Corporate		Consolidation	
	31-Oct-22	31-Oct-21	31-Oct-22	31-Oct-21	31-Oct-22	31-Oct-21	31-Oct-22	31-Oct-21
Sales	\$ 80,732	\$ 79,386	\$ 4,791	\$ 4,183	\$ -	\$ -	\$ 85,523	\$ 83,569
Cost of sales	(57,793)	(56,142)	(1,614)	(1,355)	-	-	(59,407)	(57,497)
Gross Profit	22,939	23,244	3,177	2,828	-	-	26,116	26,072
Selling, general and administrative expenses	(16,118)	(15,668)	(2,651)	(2,596)	(6,067)	(5,919)	(24,836)	(24,183)
Other operating income	257	321	-	-	544	72	801	393
Gain/(Loss) on disposal of fixed assets	-	116	(7)	-	-	(7)	(7)	109
Interest expense	(603)	(669)	(14)	(123)	(149)	(163)	(766)	(955)
Dividends on preference shares	-	-	-	-	(269)	(288)	(269)	(288)
Pre-opening expenses	-	-	-	-	(53)	(132)	(53)	(132)
Hurricane income/(expenses)	-	-	-	-	-	-	-	-
Net profit (loss)	\$ 6,475	\$ 7,344	\$ 505	\$ 109	\$ (5,994)	\$ (6,437)	\$ 986	\$ 1,016

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 31, 2022

EXPLANATORY NOTES

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards using the same accounting policies and methods of computation as the Consolidated Financial Statements included in the 2022 Annual Report.

The consolidated financial statements include the accounts of AML Foods Limited, formerly Abaco Markets Limited, ("the Company") and its significant wholly owned subsidiaries: Solomon's Supercentre (Nassau) Limited, Cost Right Nassau Limited, Solomon's Club (Freeport) Limited, Thompson Wholesale Limited, Caribbean Franchise Holdings Limited, Solomon's Fresh Market Limited, and Solomon's Exuma.

2. DIVIDENDS

The Company paid an ordinary dividend of \$0.04 per share on August 31, 2022 to shareholders of record of August 24, 2022. Additionally, the Company paid an ordinary dividend of \$0.04 per share on September 28, 2022 to shareholders of record on September 21, 2022.

3. BANK LOANS

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.

At October 31, 2022, the Company had a total of four bank loans with RBC Royal Bank (Bahamas) Limited which bear a blended interest rate of 3.65% each. The total principal amount outstanding on the Company's loans was \$7.8m. The company has as additional \$17.0m left to drawn down on its new facilities.

4. SUBSEQUENT EVENTS

On December 1, 2022, the Company opened it's Downtown Freeport grocery store located on the island of Grand Bahama. The Company now operates a total of nine grocery locations.

On December 14, 2022, the Board of Directors approved an ordinary dividend of \$0.04 per share payable on December 28, 2022 to shareholders of record on December 21, 2022.

AML FOODS LIMITED

AUDITORS

Deloitte & Touche
2nd Terrace West, Centreville
P.O. Box N-7120
Nassau, The Bahamas

BANKERS

RBC Royal Bank (Bahamas) Limited
Royal Bank House
East Hill Street
P.O. Box N-7459
Nassau, The Bahamas

LEGAL COUNSEL

Higgs & Johnson
Ocean Centre, Montagu Foreshore
East Bay Street
P.O. Box N-3247
Nassau, The Bahamas

REGISTRAR & TRANSFER AGENTS

Bahamas Central Securities Depository
2nd Floor, Fort Nassau Centre
Hilton British Colonial, Suite 202
Bay Street
P.O. Box EE-15672
Nassau, The Bahamas

DIRECTORS

Franklyn Butler, II (Chairman)
Robert L. Sands
Alison Treco
Meike de Vaere
Tara Cooper Burnside
Jeff Gordman
Sunil Chatrani
Gavin Watchorn

AML FOODS LIMITED

Corporate Offices
#20 University Drive
P.O. Box SS-6322
Nassau, The Bahamas
Tel: (242) 677-7200
Fax: (242) 356-7855