



CEO Message Q4 2022-2023

The Board of Directors at *AML Foods Limited* today announced results for the fourth quarter and fiscal year ended April 30th, 2023. Sales for the quarter were \$48.6m, compared to \$44.8m for the same period last year. Total sales for the year were \$185.0m, an increase of 5.5% over the prior year. Net profit for the quarter was \$1.2m, compared to \$1.5m for the same period in the previous year. Total net profit for the year was \$2.8m compared to \$4.0m in the prior year.

We are pleased to report positive sales growth, driven by increases in overall customer counts. This is an indication that our shoppers are appreciating the value we are providing during difficult times, as well as the changes we are making to our product mix in stores. Margin, however, continued to be impacted by rising costs as well as other influences. Additionally, we are recording significant increases in energy, insurance, and payroll costs, but overall continue to manage expenses well compared to the prior year.

As a whole it has been a challenging year, which began with supply chain challenges, then continued with having to manage inflation, while still delivering value and affordability to our customers. We are confident that the foundation we have established for our business is strong, and look forward to recording improved results in 2023, all while balancing the needs of our customers, associates, and shareholders.

Based on the quarter's performance the Board of Directors have approved an ordinary dividend payment of \$0.04 per share and an extraordinary dividend of \$0.03 per share, payable on, June 21, 2023, to shareholders on record as of June 16, 2023.

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 over the past year.

Sincerely,

Gavin Watchorn
CEO & President

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th APRIL 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed In thousands of Bahamian dollars)

	As At April 30, 2023	As At April 30, 2022
Assets		
Current assets		
Cash and bank balances	\$ 8,076	\$ 9,063
Term deposits with original maturities greater than 90 days	286	284
Receivables, net of provision	789	903
Merchandise inventories, net of provisions	20,035	20,075
Other current assets	3,059	3,321
Total current assets	32,245	33,646
Non-current assets		
Other assets	3,138	3,138
Property, plant and equipment, net		
Property, land improvements, and buildings	31,638	31,203
Equipment	6,087	5,393
Leasehold improvements	5,886	3,938
Work in progress	1,846	2,228
	45,457	42,762
Right of use asset	28,094	24,304
Goodwill	2,976	2,976
Total assets	\$ 111,910	\$ 106,826
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	16,293	15,586
Current portion of preference shares	-	626
Current portion of bank loan	1,871	1,645
Current portion of lease liability	2,150	2,583
Total current liabilities	20,314	20,440
Longterm liabilities		
Preference shares	6,801	8,332
Bank loan	6,214	3,983
Lease liability	29,323	24,760
	42,338	37,075
Shareholders' equity		
Ordinary share capital	7,378	7,524
Treasury shares	-	(146)
Contributed surplus	2,231	2,231
Revaluation surplus	6,354	6,354
Retained earnings	33,295	33,348
	49,258	49,311
Total liabilities and shareholders' equity	\$ 111,910	\$ 106,826

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30th APRIL 2023

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

	Quarter ended April 30, 2023	Quarter ended April 30, 2022
Sales	\$ 48,615	\$ 44,827
Cost of sales	(34,644)	(31,093)
Gross profit	13,971	13,734
Selling, general and administrative expenses	(12,554)	(11,560)
Other operating income	393	812
Net operating profit	1,810	2,986
Interest expense	(464)	(395)
Dividends on preference shares	(102)	(134)
Net profit before extraordinary expenses	1,244	2,457
Pre-opening expenses	-	(1)
Loss on disposal of property, plant & equipment	(28)	(990)
Net Profit	\$ 1,216	\$ 1,466
Earnings per share	<u>\$ 0.08</u>	<u>\$ 0.10</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th APRIL 2023

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

	Year Ended April 30, 2023	Year Ended April 30, 2022
Sales	\$ 184,951	\$ 175,300
Cost of sales	(131,260)	(121,218)
Gross profit	53,691	54,082
Selling, general and administrative expenses	(49,918)	(48,156)
Other operating income	1,506	1,418
Net operating profit	5,279	7,344
Interest expense	(1,741)	(1,761)
Dividends on preference shares	(486)	(556)
Net profit before extraordinary expenses	3,052	5,027
Pre-opening expenses	(215)	(134)
Loss on disposal of property, plant & equipment	(34)	(890)
Net profit	\$ 2,803	\$ 4,003
Earnings per share	<u>\$ 0.19</u>	<u>\$ 0.27</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT YEAR ENDED 30th April 2023
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
Cancellation of treasury shares	(41)	(146)	146	-	-	-	-
Net profit from operations		-	-	-	-	2,803	2,803
Dividends (\$0.19 per share)		-	-	-	-	(2,856)	(2,856)
Balance as of April 30, 2023	15,008	\$ 7,378	\$ -	\$ 2,231	\$ 6,354	\$ 33,295	49,258

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th APRIL 2023
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed In thousands of Bahamian dollars)

	Year Ended April 30, 2023	Year Ended April 30, 2022
Cash flows from operating activities		
Net profit	\$ 2,803	\$ 4,003
Adjustments for:		
Depreciation and amortization	6,814	8,276
Dividends on preference shares	486	556
Decrease in provision for doubtful debts	(3)	(73)
(Decrease) / Increase in inventory provision	(925)	1,129
Loss on disposal of property, plant and equipment	34	890
Interest on lease liability	1,416	1,454
Operating cash flow before changes in working capital	10,625	16,235
Working capital source / (use)		
Accounts receivable	117	186
Merchandising inventories	948	(3,747)
Other current assets	277	1,284
Increase in other assets	-	175
Accounts payable and accrued expenses	708	(764)
Net cash provided by operating activities	12,675	13,369
Investing activities source / (use)		
Movement on Term Deposit	(2)	(3)
Additions to property, plant and equipment	(6,653)	(5,509)
Proceeds from disposal of property & equipment	6	165
Investment in Exuma Markets	-	(1,738)
Net cash used in investing activities	(6,649)	(7,085)
Financing activities source / (use)		
Dividends paid on ordinary shares	(2,856)	(3,311)
Dividends paid on preference shares	(486)	(556)
Repayment of bank loan	(2,042)	(1,451)
Repayment of preference shares	(2,158)	(626)
Proceeds from bank loan	4,500	-
Payment of lease liability	(3,971)	(5,058)
Net cash used in financing activities	(7,013)	(11,002)
Decrease in cash	(987)	(4,718)
Cash, beginning of period	9,063	13,781
Cash, end of period	8,076	9,063

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30TH APRIL 2023

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	
	30-Apr-23	30-Apr-22	30-Apr-23	30-Apr-22	30-Apr-23	30-Apr-22	30-Apr-23	30-Apr-22
Sales	\$ 46,208	\$ 42,678	\$ 2,407	\$ 2,149	\$ -	\$ -	\$ 48,615	\$ 44,827
Cost of sales	(33,849)	(30,360)	(795)	(733)	-	-	(34,644)	(31,093)
Gross Profit	12,359	12,318	1,612	1,416	-	-	13,971	13,734
Selling, general and administrative expenses	(8,404)	(7,626)	(1,255)	(1,214)	(2,895)	(2,720)	(12,554)	(11,560)
Other operating income	138	164	1	1	254	647	393	812
Loss on disposal of fixed assets	(26)	(86)	(1)	(1)	(1)	(903)	(28)	(990)
Interest expense	(359)	(318)	(17)	(8)	(88)	(69)	(464)	(395)
Dividends on preference shares	-	-	-	-	(102)	(134)	(102)	(134)
Pre-opening expenses	-	-	-	-	-	(1)	-	(1)
Net profit	\$ 3,708	\$ 4,452	\$ 340	\$ 194	\$ (2,832)	\$ (3,180)	\$ 1,216	\$ 1,466

Year Ended	Food Distribution		Food Franchise		Corporate		Consolidation	
	30-Apr-23	30-Apr-22	30-Apr-23	30-Apr-22	30-Apr-23	30-Apr-22	30-Apr-23	30-Apr-22
Sales	\$ 175,283	\$ 166,740	\$ 9,668	\$ 8,560	\$ -	\$ -	\$ 184,951	\$ 175,300
Cost of sales	(128,022)	(118,411)	(3,238)	(2,807)	-	-	(131,260)	(121,218)
Gross Profit	47,261	48,329	6,430	5,753	-	-	53,691	54,082
Selling, general and administrative expenses	(32,779)	(30,674)	(5,238)	(5,071)	(11,901)	(12,411)	(49,918)	(48,156)
Other operating income	527	652	1	1	978	765	1,506	1,418
(Loss) / Gain on disposal of fixed assets	(26)	14	(7)	-	(1)	(904)	(34)	(890)
Interest expense	(1,373)	(1,314)	(43)	(140)	(325)	(307)	(1,741)	(1,761)
Dividends on preference shares	-	-	-	-	(486)	(556)	(486)	(556)
Pre-opening expenses	-	-	-	-	(215)	(134)	(215)	(134)
Net profit (loss)	\$ 13,610	\$ 17,007	\$ 1,143	\$ 543	\$ (11,950)	\$ (13,547)	\$ 2,803	\$ 4,003

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30TH APRIL 2023

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 March 29, 2023 to shareholders of record on March 24, 2023.

3. BANK LOANS

At April 30, 2023, the Company had a total of four bank loans with RBC Royal Bank (Bahamas) Limited which bear a blended interest rates between 3.65% and 4.25%. The total principal amount outstanding on the Company’s loans was \$8.1m.

4. SUBSEQUENT EVENTS

In May 2023, the Company signed a new credit facility for an additional \$1.7m. Additionally, in May 2023, the Company completed the purchase of the Old Trail Building where its current Solomon’s Supercenter store resides. A total of \$10.5M was drawn down from the credit facility to complete the purchase and fund renovations on the building. A total of \$6.7M remains to be drawn down on the credit facility.

Further, in May 2023, the interest rate on all of the Company’s existing bank loans were reduced to 3.65% in accordance with the terms of the new credit facility.

On June 7, 2023, the Company declared an ordinary dividend of \$0.04 per share and an extraordinary dividend of \$0.03 per share payable on June 21, 2023 shareholders of record on June 16, 2023.

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