



CEO Message

Q3 2023-2024

The Board of Directors at *AML Foods Limited* today announced results for the third quarter ended January 31st, 2024. Sales for the period were \$51.8m, an improvement of \$1.0m or 1.9%, for the same quarter in the previous year. Net profit for the period was \$2.6m, compared to \$0.6m for the same quarter in the prior year.

Our improved performance has been driven by data-based decision making on our SKU and inventory management, allowing us to record sales increases across most of our locations, while reducing our investment in inventory. The impact of deflation across certain categories has seen a reduced average spend, but this has been offset by an overall increase in transactions, as our customers continue to recognize the quality, value, and experience that our brands offer. A reduction in shrink expense for the quarter to normal levels has contributed to increased margins.

The exception to our sales improvements was our Solomon's Nassau store, which recorded an expected sharp decline in sales as we liquidated our clothing and general merchandise inventories and began the long-awaited remodel of the store. We are scheduled to complete this remodel in early June, and at that time our customers will enjoy a new, modern, efficient neighborhood grocery store. We are grateful to our customers for their patience with us throughout the remodel. Once the Solomon's remodel is completed, we will immediately begin the project to relocate our Cost Right Nassau store, which is expected to be completed in November.

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 March 27, 2024, to shareholders on record as of March 22, 2024.

On behalf of the Board of Directors I would like to say thank you to our team of dedicated associates and our loyal customers for your continued commitment and support of our company and businesses.

Sincerely,

Gavin Watchorn
CEO & President

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31st JANUARY 2024

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

	As At January 31, 2024	As At April 30, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 9,223	\$ 8,076
Term deposits with original maturities greater than 90 days	288	286
Receivables, net of provision	938	789
Merchandise inventories, net of provisions	16,016	20,035
Other current assets	3,138	3,059
Total current assets	29,603	32,245
Non-current assets		
Other assets	3,138	3,138
Property, plant and equipment, net		
Property, land improvements and buildings	40,987	31,638
Equipment	6,163	5,886
Leasehold improvements	5,027	6,087
Work in progress	8,319	1,846
Total property, plant and equipment, net	60,496	45,457
Right of use asset	26,227	28,094
Goodwill	2,976	2,976
Total assets	\$ 122,440	\$ 111,910
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	17,164	16,293
Current portion of bank loan	2,580	1,871
Current portion of lease liability	2,162	2,150
Total current liabilities	21,906	20,314
Long-term liabilities		
Preference shares	6,801	6,801
Bank loan	16,293	6,214
Lease liability	27,662	29,323
Total liabilities	50,756	42,338
Shareholders' equity		
Ordinary share capital	7,378	7,378
Contributed surplus	2,231	2,231
Revaluation surplus	6,354	6,354
Retained earnings	33,815	33,295
	49,778	49,258
Total liabilities and shareholders' equity	\$ 122,440	\$ 111,910

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31st JANUARY 2024

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

	Quarter ended January 31, 2024	Quarter ended January 31, 2023
Sales	\$ 51,797	\$ 50,812
Cost of sales	(35,368)	(37,209)
Gross profit	16,429	13,603
Selling, general and administrative expenses	(13,536)	(12,527)
Other operating income	359	312
Net operating profit	3,252	1,388
Interest expense	(518)	(511)
Dividends on preference shares	(102)	(115)
Pre-opening expenses	(6)	(162)
Profit on disposal of property, plant & equipment	2	1
Net profit	\$ 2,628	\$ 601
Weighted average number of ordinary shares outstanding	<u>15,008,048</u>	<u>15,008,048</u>
Earnings per share	<u>\$ 0.18</u>	<u>\$ 0.04</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31st JANUARY 2024

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

	Nine Months Ended January 31, 2024	Nine Months Ended January 31, 2023
Sales	\$ 141,844	\$ 136,336
Cost of sales	(98,264)	(96,617)
Gross profit	43,580	39,719
Selling, general and administrative expenses	(39,933)	(37,363)
Other operating income	981	1,113
Net operating profit	4,628	3,469
Interest expense	(1,532)	(1,277)
Dividends on preference shares	(306)	(384)
Pre-opening expenses	(8)	(215)
Loss on disposal of property, plant & equipment	(11)	(6)
Net profit	\$ 2,771	\$ 1,587
Weighted average number of ordinary shares outstanding	<u>15,008,048</u>	<u>15,044,707</u>
Earnings per share	<u>\$ 0.18</u>	<u>\$ 0.11</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
NINE MONTHS ENDED 31st JANUARY 2024
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, 2022	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 6,354	\$ 33,348	49,311
Cancellation of treasury shares	(41)	(146)	146	-	-	-	-
Net profit		-	-	-	-	2,803	2,803
Dividends (\$0.22 per share)		-	-	-	-	(2,856)	(2,856)
Balance as of April 30, 2023	15,008	7,378	-	2,231	6,354	33,295	49,258
Net profit		-	-	-	-	2,771	2,771
Dividends (\$0.15 per share)		-	-	-	-	(2,251)	(2,251)
Balance as of January 31, 2024	15,008	\$ 7,378	\$ -	\$ 2,231	\$ 6,354	\$ 33,815	\$ 49,778

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31st JANUARY 2024
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed In thousands of Bahamian dollars)

	Nine Months Ended January 31, 2024	Nine Months Ended January 31, 2023
Cash flows from operating activities		
Net profit	\$ 2,771	1,587
Adjustments for:		
Depreciation and amortization	5,030	5,138
Dividends on preference shares	306	384
Increase in provision for doubtful debts	68	(1)
Increase / (decrease) in inventory provision	791	(562)
Loss on disposal of property, plant and equipment	11	6
Interest on lease liability	1,071	1,040
Operating cash flow before changes in working capital	10,048	7,592
Working capital source / (use)		
Accounts receivable	(217)	331
Merchandising inventories	3,228	1,850
Other current assets	(79)	(600)
Accounts payable and accrued expenses	871	(1,002)
Net cash provided by operating activities	13,851	8,171
Investing activities source / (use)		
Movement on Term Deposit	(2)	(2)
Additions to property, plant and equipment	(18,242)	(5,064)
Proceeds from disposal of property & equipment	8	2
Net cash used in investing activities	(18,236)	(5,064)
Financing activities source / (use)		
Dividends paid on ordinary shares	(2,251)	(2,256)
Dividends paid on preference shares	(306)	(384)
Repayment of bank loan	(2,135)	(1,353)
Repayment of preference shares	-	(2,158)
Proceeds from bank loan	12,923	4,500
Payment of lease liability	(2,699)	(3,044)
Net cash provided by / (used in) financing activities	5,532	(4,695)
Increase / (decrease) in cash and cash equivalents	1,147	(1,588)
Cash and cash equivalents, beginning of period	8,076	9,064
Cash and cash equivalents, end of period	9,223	7,476
Supplemental information:		
Interest received	3	2
Interest paid	677	771

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JANUARY 31, 2024

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		Consolidated	
	31-Jan-24	31-Jan-23	31-Jan-24	31-Jan-23	31-Jan-24	31-Jan-23	31-Jan-24	31-Jan-23
Sales	\$ 49,183	\$ 48,342	\$ 2,614	\$ 2,470	\$ -	\$ -	\$ 51,797	\$ 50,812
Cost of sales	(34,488)	(36,378)	(880)	(831)	-	-	(35,368)	(37,209)
Gross Profit	14,695	11,964	1,734	1,639	-	-	16,429	13,603
Selling, general and administrative expenses	(8,696)	(8,259)	(1,442)	(1,331)	(3,398)	(2,937)	(13,536)	(12,527)
Other operating income	192	132	23	-	144	180	359	312
Profit on disposal of fixed assets	2	-	-	1	-	-	2	1
Interest expense	(343)	(412)	(8)	(11)	(167)	(88)	(518)	(511)
Dividends on preference shares	-	-	-	-	(102)	(115)	(102)	(115)
Pre-opening expenses	-	-	-	-	(6)	(162)	(6)	(162)
Net profit / (loss)	\$ 5,850	\$ 3,425	\$ 307	\$ 298	\$ (3,529)	\$ (3,122)	\$ 2,628	\$ 601

9 Months Ended	Food Distribution		Food Franchise		Corporate		Consolidated	
	31-Jan-24	31-Jan-23	31-Jan-24	31-Jan-23	31-Jan-24	31-Jan-23	31-Jan-24	31-Jan-23
Sales	\$ 134,185	\$ 129,075	\$ 7,659	\$ 7,261	\$ -	\$ -	\$ 141,844	\$ 136,336
Cost of sales	(95,694)	(94,173)	(2,570)	(2,444)	-	-	(98,264)	(96,617)
Gross Profit	38,491	34,902	5,089	4,817	-	-	43,580	39,719
Selling, general and administrative expenses	(25,780)	(24,375)	(4,400)	(3,982)	(9,753)	(9,006)	(39,933)	(37,363)
Other operating income	533	389	40	-	408	724	981	1,113
Loss on disposal of fixed assets	(11)	-	-	(6)	-	-	(11)	(6)
Interest expense	(1,044)	(1,014)	(27)	(26)	(461)	(237)	(1,532)	(1,277)
Dividends on preference shares	-	-	-	-	(306)	(384)	(306)	(384)
Pre-opening expenses	-	-	-	-	(8)	(215)	(8)	(215)
Net profit / (loss)	\$ 12,189	\$ 9,902	\$ 702	\$ 803	\$ (10,120)	\$ (9,118)	\$ 2,771	\$ 1,587

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JANUARY 31, 2024

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 for the year ended April 30, 2023 included in the 2023 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 Limited.

2. DIVIDENDS

The Company paid an ordinary dividend of \$0.04 on December 29, 2023 to shareholders of record at December 22, 2023.

3. BANK LOANS

The Company has a total of four bank loans with RBC Royal Bank (Bahamas) Limited which each bear a blended interest rate of 3.60% per annum. At January 31, 2024, the total principal amount outstanding on the Company's loans was \$18.9m. A total of \$4.6m remains to be drawn down under the existing credit facility.

4. CONTINGENT LIABILITY

On November 21, 2023, the Company was issued a formal and final levy from the Department of Inland Revenue (DIR) concerning alleged unpaid taxes totaling \$925,732 which related to VAT outstanding for items sold VAT Free in Grand Bahama during the period of January 1, 2019 through December 31, 2021 under the SERZ order.

On December 20, 2023, the Company, with the assistance of legal counsel, initiated a formal dispute against the DIR related to this assessment. To comply with the appeal process, the Company was required to provide full payment of the assessment, which the Company also made on December 20, 2023. This payment was made without waiving any rights in the ongoing dispute, and the Company intends to vigorously contest the assessment. The full payment of \$925,732 is included in prepayments and deposits on the Company's Statement of Financial Position as at January 31, 2024.

5. SUBSEQUENT EVENTS

On March 6, 2024, the Board of Directors approved an ordinary dividend of \$0.04 per share and an extraordinary dividend of \$0.03 per share payable on March 27, 2024 to shareholders of record on March 22, 2024.

AML FOODS LIMITED

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