



CEO Message

Q4 2022

The Board of Directors at *AML Foods Limited* today announced results for the fourth quarter and fiscal year ended April 30th, 2022. Sales for the quarter were \$44.8m, compared to \$40.5m for the same period last year. Year-to-date sales were \$175.3m, an increase of 0.2% over the prior year. Net profit for the quarter was \$2.2m, up \$984k or 79.8% for the same period in the previous year. Year-to-date net profit is \$4.8m.

Due to the addition of Exuma Markets, increased sales, and other income, compared to the same period last year, gross profit is up 18.7% for the quarter and 1.8% year-to-date. Margin improved by 240 basis points for the period but year-to-date remains slightly down compared to prior year, because of increased supplier costs. There was an increase in Selling General & Administration (SG&A) expenses, primarily due to the costs associated with the opening of the Exuma store and the write-off of approximately \$900k, attributable to the close out of our old Enterprise Resource Planning (ERP) system. The roll-out of our new ERP was also successfully completed during the quarter. Without consideration of this write off, we continue to manage our expenses well. Shrink remains a challenge, but with constant focus and attention, is also showing signs of improving.

The Omicron variant significantly impacted the supply chain beginning in Q3 and continuing into Q4 however, vendor out of stocks have now started to improve. Subsequently, due to stocking up and the increased costs of products, inventory levels are beginning to increase. Over the past year our team have done a considerable amount of work to streamline our vendors and processes and strengthen our supply chain. Additionally, as inflation remains, we are working diligently to ensure that our brands always demonstrate value to our customers.

The buildout of the Downtown Freeport store continues to progress and since work began on the project, our cash balances, while still healthy, have decreased to \$9.3m. The new store is scheduled for opening later in the year.

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, both payable on August 31, 2022, to shareholders on record as of August 24, 2022.

On behalf of the Board of Directors I would like to thank our dedicated and hard-working associates for your unwavering commitment to our company and our customers for your loyal support of our businesses.

Sincerely,

Gavin Watchorn
CEO & President

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th APRIL 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed In thousands of Bahamian dollars)

	As At April 30, 2022	As At April 30, 2021
Assets		
Current assets		
Cash and bank balances	\$ 9,063	\$ 13,781
Term deposits with original maturities greater than 90 days	284	281
Receivables, net of provision	903	1,015
Merchandise inventories, net of provisions	20,539	17,268
Other current assets	3,321	4,605
Total current assets	34,110	36,950
Non-current assets		
Other assets	3,138	3,313
Property, plant and equipment, net		
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	24,304	23,797
Goodwill	2,976	1,654
Total assets	\$ 107,290	\$ 108,413
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	15,300	16,350
Current portion of preference shares	626	626
Current portion of bank loan	1,645	1,580
Current portion of lease liability	2,583	3,802
Total current liabilities	20,154	22,358
Longterm liabilities		
Preference shares	8,332	8,958
Bank loan	3,983	5,499
Lease liability	24,760	22,979
	37,075	37,436
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	34,098	32,656
	50,061	48,619
Total liabilities and shareholders' equity	\$ 107,290	\$ 108,413

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30th APRIL 2022

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

	Quarter ended April 30, 2022	Quarter ended April 30, 2021
Sales	\$ 44,827	\$ 40,453
Cost of sales	(30,343)	(28,247)
Gross profit	14,484	12,206
Selling, general and administrative expenses	(11,560)	(10,604)
Other operating income	812	279
Net operating profit	3,736	1,881
Interest expense	(395)	(407)
Dividends on preference shares	(134)	(144)
Net profit before extraordinary expenses	3,207	1,330
Pre-opening expenses	(1)	(98)
Loss on disposal of property, plant & equipment	(990)	-
Net profit	\$ 2,216	\$ 1,232
Earnings per share	<u>\$ 0.15</u>	<u>\$ 0.08</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR YEAR ENDED 30th APRIL 2022

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

	Year Ended April 30, 2022	Year Ended April 30, 2021
Sales	\$ 175,300	\$ 174,898
Cost of sales	(120,468)	(121,059)
Gross profit	54,832	53,839
Selling, general and administrative expenses	(48,156)	(46,058)
Other operating income	1,418	1,061
Net operating profit	8,094	8,842
Interest expense	(1,761)	(1,643)
Dividends on preference shares	(556)	(594)
Net profit before extraordinary expenses	5,777	6,605
Pre-opening expenses	(134)	(98)
Loss on disposal of fixed assets	(890)	(30)
Extraordinary items (Hurricane income)	-	4,669
Net profit	\$ 4,753	\$ 11,146
Earnings per share	<u>\$ 0.32</u>	<u>\$ 0.74</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT YEAR ENDED 30TH APRIL 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, 2020	15,049	\$ 7,524	\$ (86)	\$ 2,231	\$ 3,857	\$ 24,370	\$ 37,896
Shares repurchased	-	-	(60)	-	-	-	(60)
Net profit from operations	-	-	-	-	-	11,146	11,146
Revaluation surplus	-	-	-	-	2,497	-	2,497
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 operations	-	-	-	-	-	4,753	4,753
Dividends (\$0.22 per share)	-	-	-	-	-	(3,311)	(3,311)
Balance as of April 30, 2022	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 6,354	\$ 34,098	\$ 50,061

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR YEAR ENDED 30th APRIL 2022

CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed In thousands of Bahamian dollars)

	Year Ended April 30, 2022	Year Ended April 30, 2021
Cash flows from operating activities		
Net profit	\$ 4,753	\$ 11,146
Adjustments for:		
Depreciation and amortization	8,276	8,328
Dividends on preference shares	556	594
Decrease in provision for doubtful debts	(73)	(20)
Increase / (Decrease) in inventory provision	1,045	(1,066)
Loss on disposal of property, plant and equipment	890	30
Interest on lease liability	1,454	1,268
Operating cash flow before changes in working capital	16,901	20,280
Working capital source / (use)		
Accounts receivable	186	(68)
Merchandising inventories	(4,455)	1,129
Other current assets	1,285	(1,378)
Increase in other assets	175	(175)
Accounts payable and accrued expenses	(912)	353
Net cash provided by operating activities	13,180	20,141
Investing activities source / (use)		
Movement on Term Deposit	(2)	(2)
Additions to property, plant and equipment	(5,736)	(2,934)
Proceeds from disposal of property & equipment	165	13
Investment in Exuma Markets	(1,322)	-
Net cash used in investing activities	(6,895)	(2,923)
Financing activities source / (use)		
Dividends paid on ordinary shares	(3,311)	(2,860)
Dividends paid on preference shares	(556)	(594)
Repayment of bank loan	(1,452)	(1,440)
Repayment of preference shares	(626)	(627)
Repurchase of treasury shares	-	(60)
Payment of lease liability	(5,058)	(5,153)
Net cash used in financing activities	(11,003)	(10,734)
(Decrease) / increase in cash	(4,718)	6,484
Cash, beginning of period	13,781	7,297
Cash, end of period	9,063	13,781

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED APRIL 30, 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	
	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21
Sales	\$ 42,678	\$ 38,483	\$ 2,149	\$ 1,970	\$ -	\$ -	\$ 44,827	\$ 40,453
Cost of sales	(29,610)	(27,592)	(733)	(655)	-	-	(30,343)	(28,247)
Gross Profit	13,068	10,891	1,416	1,315	-	-	14,484	12,206
Selling, general and administrative expenses	(7,626)	(7,554)	(1,214)	(1,273)	(2,720)	(1,777)	(11,560)	(10,604)
Other operating income	164	220	-	-	648	59	812	279
Loss on disposal of fixed assets	(86)	-	-	-	(904)	-	(990)	-
Interest expense	(317)	(310)	(8)	(12)	(70)	(85)	(395)	(407)
Dividends on preference shares	-	-	-	-	(134)	(144)	(134)	(144)
Pre-opening expenses	-	-	-	-	(1)	(98)	(1)	(98)
Hurricane income/(expenses)	-	-	-	-	-	-	-	-
Net profit	\$ 5,203	\$ 3,247	\$ 194	\$ 30	\$ (3,181)	\$ (2,045)	\$ 2,216	\$ 1,232

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED APRIL 30, 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 2021 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 30, 2022 to shareholders on record at March 30, 2022.

3. BANK LOANS

The Company has two bank loans with RBC Royal Bank (Bahamas) Limited which bear a blended interest rate of 4.75% each. At April 30, 2022, the total principal amount outstanding on the Company's loans was \$5.6m.

4. SUBSEQUENT EVENTS

On August 10, 2022, the Board of Directors approved an ordinary dividend of \$0.04 per share and an extraordinary dividend of \$0.03 per share payable on August 31, 2022 to shareholders of record on August 24, 2022.

AML FOODS LIMITED

AUDITORS

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LEGAL COUNSEL

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REGISTRAR & TRANSFER AGENTS

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DIRECTORS

Franklyn Butler, II (Chairman)
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