



CEO Message
Q1 2023-2024

The Board of Directors at *AML Foods Limited* today announced results for the first quarter ended July 31st, 2023. Sales for the period were \$47.0m, an improvement of \$3.2m or 7.2% compared to the same quarter last year. Net profit for the quarter was \$690k, compared to \$1.3m in the prior year.

Although sales for the quarter improved over the previous year, inflation pressures continue to impact our business. Expense increases, such as utilities and wages, as well as shrink have had a negative impact on our margins, and customers' shopping behaviors demonstrate that their spending capacity remains limited. To mitigate this, we are continuing to focus on placing our best efforts into purchasing better and managing our expenses. As customers have changed their shopping habits, we have adapted well, and transaction counts continue to grow, an indication that we are driving value. We are focused on working with our vendors to negotiate special buys that will continue to drive spending within our stores. Likewise, our new planograms are introducing greater variety and value products across all of our brands, which we believe will continue to improve customer satisfaction. Our attention remains on growing our sales and producing improved profits.

During the quarter we purchased 4.23 acres of property between Faith Avenue and Milo Butler Highway, which has been identified for future development as a new shopping center that will include a Solomon's grocery store as the anchor tenant. This acquisition represents part of our Company's strategic growth plan, which involves entering and servicing new markets by expanding our Solomon's brand format.

Based on the quarter's performance the Board of Directors has approved an ordinary dividend payment of \$0.04 per share, payable on September 20, 2023, to shareholders on record as of September 15, 2023.

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

Sincerely,

Gavin Watchorn
CEO & President

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31st July 2023

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

	As At July 31, 2023	As At April 30, 2023
Assets		
Current assets		
Cash and bank balances	\$ 9,219	\$ 8,076
Term deposits with original maturities greater than 90 days	286	286
Receivables, net of provision	774	789
Merchandise inventories, net of provisions	18,121	20,035
Other current assets	3,891	3,059
Total current assets	32,291	32,245
Non-current assets		
Other assets	3,138	3,138
Property, plant and equipment, net		
Property, land improvements, and buildings	41,453	31,638
Equipment	6,535	5,886
Leasehold improvements	5,607	6,087
Work in progress	787	1,846
	54,382	45,457
Right of use asset	27,476	28,094
Goodwill	2,976	2,976
Total assets	\$ 120,263	\$ 111,910
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	15,468	16,293
Current portion of bank loan	1,871	1,871
Current portion of lease liability	2,244	2,150
Total current liabilities	19,583	20,314
Longterm liabilities		
Preference shares	6,801	6,801
Bank loan	16,289	6,214
Lease liability	28,693	29,323
	51,783	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	32,934	33,295
	48,897	49,258
Total liabilities and shareholders' equity	\$ 120,263	\$ 111,910

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31st JULY 2023

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

	Quarter ended July 31, 2023	Quarter ended July 31, 2022
Sales	\$ 47,020	\$ 43,853
Cost of sales	(32,630)	(30,008)
Gross profit	14,390	13,845
Selling, general and administrative expenses	(13,377)	(12,476)
Other operating income	286	438
Net operating profit	1,299	1,807
Interest expense	(495)	(381)
Dividends on preference shares	(102)	(134)
Net profit before extraordinary expenses	702	1,292
Pre-opening expenses	-	(1)
Loss on disposal of property, plant & equipment	(12)	(7)
Net Profit	\$ 690	\$ 1,284
Earnings per share	<u>\$ 0.05</u>	<u>\$ 0.09</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT QUARTER ENDED 31st July 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, 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 (\$0.22 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 from operations		-	-	-	-	690	690
Dividends (\$0.07 per share)		-	-	-	-	(1,051)	(1,051)
Balance as of July 31, 2023	15,008	\$ 7,378	\$ -	\$ 2,231	\$ 6,354	\$ 32,934	\$ 48,897

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st JULY 2023

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

	Year Ended July 31, 2023	Year Ended July 31, 2022
Cash flows from operating activities		
Net profit	\$ 690	1,284
Adjustments for:		
Depreciation and amortization	1,669	1,892
Dividends on preference shares	102	134
Increase in provision for doubtful debts	23	-
Increase / (decrease) in inventory provision	220	(566)
Loss on disposal of property, plant and equipment	12	7
Interest on lease liability	364	314
Operating cash flow before changes in working capital	3,080	3,065
Working capital source / (use)		
Accounts receivable	(8)	(53)
Merchandising inventories	1,695	(364)
Other current assets	(832)	(370)
Accounts payable and accrued expenses	(825)	(373)
Net cash provided by operating activities	3,110	1,905
Investing activities source / (use)		
Additions to property, plant and equipment	(9,995)	(1,662)
Proceeds from disposal of property & equipment	6	1
Net cash used in investing activities	(9,989)	(1,661)
Financing activities source / (use)		
Dividends paid on ordinary shares	(1,051)	-
Dividends paid on preference shares	(102)	(134)
Repayment of bank loan	(770)	(446)
Proceeds from bank loan	10,844	-
Payment of lease liability	(899)	(1,306)
Net cash provided by (used in) financing activities	8,022	(1,886)
Increase (decrease) in cash	1,143	(1,642)
Cash, beginning of period	8,076	9,063
Cash, end of period	9,219	7,421

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	
	31-Jul-23	31-Jul-22	31-Jul-23	31-Jul-22	31-Jul-23	31-Jul-22	31-Jul-23	31-Jul-22
Sales	\$ 44,359	\$ 41,387	\$ 2,661	\$ 2,466	\$ -	\$ -	\$ 47,020	\$ 43,853
Cost of sales	(31,747)	(29,198)	(883)	(810)	-	-	(32,630)	(30,008)
Gross Profit	12,612	12,189	1,778	1,656	-	-	14,390	13,845
Selling, general and administrative expenses	(8,487)	(8,106)	(1,496)	(1,333)	(3,394)	(3,037)	(13,377)	(12,476)
Other operating income	162	131	1	-	123	307	286	438
Loss on disposal of fixed assets	(12)	-	-	(7)	-	-	(12)	(7)
Interest expense	(354)	(306)	(10)	(8)	(131)	(67)	(495)	(381)
Dividends on preference shares	-	-	-	-	(102)	(134)	(102)	(134)
Pre-opening expenses	-	-	-	-	-	(1)	-	(1)
Net profit	\$ 3,921	\$ 3,908	\$ 273	\$ 308	\$ (3,504)	\$ (2,932)	\$ 690	\$ 1,284

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31, 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 and an extraordinary dividend of \$0.03 per share payable on June 21, 2023 shareholders of record on June 16, 2023.

3. BANK LOANS

In May 2023, the Company signed a new credit facility for an additional \$1.7m. Additionally, in May 2023, a total of \$10.5M was drawn down from the Company's credit facility to complete the purchase and begin renovations of on the Old Trail building where its current Solomon's Supercenter store resides. 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 3.60% in accordance with the terms of the new credit facility.

The Company has a total of four bank loans with RBC Royal Bank (Bahamas) Limited which bear a blended interest rate of 3.60% each. At July 31, 2023, the total principal amount outstanding on the Company's loans was \$18.1m.

4. SUBSEQUENT EVENTS

On September 6, 2023, the Board of Directors approved an ordinary dividend of \$0.04 per share payable on September 20, 2023 to shareholders of record on September 15, 2023.

AML FOODS LIMITED

AUDITORS

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BANKERS

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LEGAL COUNSEL

Higgs & Johnson
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REGISTRAR & TRANSFER AGENTS

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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

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