



## MANAGEMENT DISCUSSION AND ANALYSIS

AMG Packaging & Paper Company Limited (AMG) presents our Unaudited Financial Statements for the 2nd Quarter ending February 28, 2023.

### Sept 1, 2023 – Feb 28, 2023 compared to Sept 1, 2021 – Feb 29, 2022

- Revenues for the period to February 28, 2023, increased 2.89%, moving from \$486.81 million to \$500.81 million.
- Gross Profit for the period to February 28, 2023, increased 7.67%, moving from \$134.98 million to \$145.33 million.
- Total Manufacturing Costs for the period to February 28, 2023, increased 1.13%, moving from \$351.53 million to \$355.49 million.
- Total Expenses for the period to February 28, 2023, increased 27.70%, moving from \$68.91 million to \$87.99 million.
- Net Income for the period to February 28, 2023, showed a decrease of 13.24%, moving from \$66.34 million to \$57.56 million.

	6 Months Ending Feb 28, 2023	6 Months Ending Feb 29, 2022
<b>Total Revenue</b>	<b>500,815,825</b>	<b>486,814,875</b>
<b>Gross Profit</b>	<b>145,329,664</b>	<b>134,984,805</b>
<b>Net Income Before Tax</b>	<b>57,562,504</b>	<b>33,340,696</b>
<b>Total Assets</b>	<b>1,578,962,389</b>	<b>978,058,378</b>

### Dec 1, 2022 – Feb 21, 2023 compared to Dec 1, 2021 – Feb 29, 2022

- Revenues for Q2 2023 increased 13.72%, moving from \$216.81 million to \$246.54 million.
- Gross Profit for Q2 2023 increased 17.77%, moving from \$61.07 million to \$71.91 million.
- Total Manufacturing Costs for Q2 2023 increased 12.13%, moving from \$155.74 million to \$174.63 million.
- Total Expenses for Q2 2023 increased by 8.85%, moving from \$40.36 million to \$43.93 million.

- Net Income for Q2 2023 increased by 36.04%, moving from \$20.74 million to \$28.22 million.

	<b>3 Months Ending Feb 28, 2023</b>	<b>3 Months Ending Feb 29, 2022</b>
<b>Total Revenue</b>	<b>246,543,330</b>	<b>216,813,269</b>
<b>Gross Profit</b>	<b>71,914,910</b>	<b>61,066,700</b>
<b>Net Income Before Tax</b>	<b>28,219,093</b>	<b>20,744,180</b>
<b>Total Assets</b>	<b>1,578,962,389</b>	<b>978,058,378</b>

For the period under review, revenue growth came from increased orders from our existing and new customers.

There was a slight decline in our Cost of Inventories as a result of a drop in shipping costs. Paper prices remains a bit unstable due to the shortage we are still experiencing on the world market.

Our Direct Costs showed a slight increase, which came as a result of machine maintenance work which started towards the end of the First Quarter and continued into the Second Quarter.

Included in the increase in Administrative expenses are the increases in wages and salaries for 2023.

We continue to experience the volatility of the Foreign Exchange rate, which has resulted in a foreign exchange loss for the period.

The increase in Depreciation is a direct result of the revaluation exercise which was done towards the end of the last Financial year.

The management team remains optimistic on the direction of our company.

We would like to thank all our customers and our dedicated staff for their continued support.

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George Hugh  
Managing Director