



CHAIRMAN'S REPORT

Q1 2021

The Board of Directors at *AML Foods Limited* today announced results for the first quarter ended July 31st, 2020. Sales for the quarter were \$46.9m, an increase of 13% for the same period last year. Net profit for the quarter was \$4.8m compared to \$0.1m for the same period in the previous year. During the quarter, income of \$2.6m was recorded from claims related to Hurricane Dorian.

The COVID-19 related lockdowns have continued to have a positive impact on sales during the quarter. However, given the closure of the country to international travel, the complete loss of tourism to the country and the increased level of unemployment, we expect softening in Q2 revenues continuing into Q3. The Q1 sales increases were driven by our food distribution business which despite increases in sales related expenses, maintained overall expenses flat to last year. Management continues to manage risks associated with COVID-19 and the soft domestic economy, and remains focused on ways to reduce our expense base to mitigate any future impact of reduced sales volumes. During the period, there was a \$375k increase in gross profit from 30.1% to 31.0% of sales. While our cash balances remain healthy, our shrink for the period was above target and our teams are working diligently to raise the level of operational excellence in this area of our business.

I am pleased to report that all stores have now converted to our new ERP (Enterprise Resource Planning) system which gives us access to real time data across our entire business, providing the team with more insights into our customer's shopping habits which we will seek to leverage to serve our communities better. Looking ahead, we expect to launch our e-commerce platforms across our food distribution brands before the end of this calendar year and remain committed to our long-term strategy to leverage data to drive growth.

Given the quarter's performance, the Board of Directors have approved a dividend payment of \$0.04 per share payable on October 2, 2020 to shareholders on record as of September 25, 2020.

On behalf of the Board of Directors, I would like to acknowledge the hard work and commitment of all of our 700 associates who have worked tirelessly and selflessly on the front lines to service our communities during these unprecedented times. We are truly grateful for your dedication to our company and we remain committed to your health and wellbeing in the face of COVID-19.

Thank you also to all our loyal customers and shareholders for your continued support of AML Foods Limited.

Franklyn A. Butler, II
Chairman

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST JULY, 2020

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

	As At July 31, 2020	As At April 30, 2020
Assets		
Current assets		
Cash and bank balances	\$ 10,602	\$ 7,297
Term deposits with original maturities greater than 90 days	279	279
Receivables, net of provision	1,958	927
Merchandise inventories, net of provisions	18,163	17,332
Other current assets	4,769	3,226
Total current assets	35,771	29,061
Non-current assets		
Other assets	3,138	3,138
Property, plant and equipment, net		
Property, land improvements, and buildings	29,843	29,995
Equipment	7,267	7,174
Leasehold improvements	4,083	4,261
Work in progress	72	488
	41,265	41,918
Right of use asset	26,184	27,115
Goodwill	1,654	1,654
Total assets	\$ 108,012	\$ 102,886
Liabilities		
Current liabilities		
Bank overdrafts	140	-
Accounts payable and accrued expenses	18,143	15,997
Current portion of preference shares	1,775	1,775
Current portion of bank loan	1,525	1,438
Current portion of lease liability	3,784	3,519
Total current liabilities	25,367	22,729
Longterm liabilities		
Preference shares	8,436	8,436
Bank loan	6,641	7,081
Lease liability	25,518	26,744
	40,595	42,261
Shareholders' equity		
Ordinary share capital	7,524	7,524
Treasury shares	(109)	(86)
Contributed surplus	2,231	2,231
Revaluation surplus	3,857	3,857
Retained earnings	28,547	24,370
	42,050	37,897
Total liabilities and shareholders' equity	\$ 108,012	\$ 102,887

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST JULY, 2020

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

	Quarter ended July 31, 2020	Quarter ended July 31, 2019
Sales	\$ 46,827	\$ 41,387
Cost of sales	(32,329)	(28,906)
Gross profit	14,498	12,482
Selling, general and administrative expenses	(12,021)	(12,286)
Other operating income	320	217
Net operating profit	2,797	413
Interest expense	(417)	(117)
Dividends on preference shares	(153)	(180)
Net profit before pre-opening and extraordinary expenses	2,227	116
Extraordinary items (Hurricane income)	2,553	-
Net profit	\$ 4,780	\$ 116
Earnings per share from continuing operations	<u>\$ 0.32</u>	<u>\$ 0.00</u>
Earnings per share from discontinued operations	<u>\$ -</u>	<u>\$ -</u>
Earnings per share	<u>\$ 0.32</u>	<u>\$ 0.01</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31ST JULY, 2020
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed In thousands of Bahamian dollars)

	Quarter ended July 31, 2020	Quarter ended July 31, 2019
Cash flows from operating activities		
Net profit	\$ 4,780	\$ 116
Adjustments for:		
Depreciation and amortization	2,088	1,197
Dividends on preference shares	153	180
Decrease in provision for doubtful debts	-	(20)
Decrease in inventory provision	(166)	545
Income on disposal of property, plant and equipment	-	6
Interest on lease liability	317	-
Operating cash flow before changes in working capital	7,172	2,025
Working capital source / (use)		
Accounts receivable	(1,030)	95
Merchandising inventories	(665)	(821)
Other current assets	(1,542)	(163)
Accounts payable and accrued expenses	2,146	798
Net cash provided by operating activities	6,081	1,933
Investing activities source / (use)		
Additions to property, plant and equipment	(505)	(583)
Net cash used in investing activities	(505)	(583)
Financing activities source / (use)		
Dividends paid on ordinary shares	(602)	(1,053)
Dividends paid on preference shares	(153)	(180)
Repayment of bank loan	(353)	(337)
Repurchase of treasury shares	(23)	-
Payment of lease liability	(1,279)	-
Net cash used in financing activities	(2,410)	(1,570)
Increase (decrease) in cash	3,166	(220)
Cash, beginning of period	7,297	4,946
Cash, end of period	10,463	4,726

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31, 2020

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 2019 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, and Solomon's Fresh Market Limited.

2. DECLARED DIVIDENDS

On September 9th, 2020 the Board of Directors approved payment of ordinary dividends of \$0.04 per share payable on October 2, 2020 to shareholders of record on September 25, 2020. The Company paid an ordinary dividend of \$0.04 per share on July 3, 2020.

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 July 31, 2020, the total principal amount outstanding on the Company's loans was \$8.2m.

4. EXTRAORDINARY ITEMS

During the quarter, the Company recorded extraordinary income of \$2.6m from Hurricane Dorian claims received. The Company expects to receive additional payments from its insurers in the upcoming months.

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

Callenders & Co.
One Millars Court
Shirley Street
P.O. Box N-7117
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
R. Craig Symonette
Mike Maura Jr.
Alison Treco
Meike de Vaere
Tara Cooper Burnside
Gavin Watchorn

AML FOODS LIMITED

Corporate Offices
Town Centre Mall
Blue Hill Road
P.O. Box SS-6322
Nassau, The Bahamas
Tel: (242) 677-7200
Fax: (242) 356-7855