



CHAIRMAN'S REPORT

Q1 2022

The Board of Directors at *AML Foods Limited* today announced results for the first quarter ended July 31st, 2021. Sales for the quarter were \$42.9m, compared to \$46.8m for the same period in the previous year. While sales were down to prior year by \$3.9m or 8.3%, sales were in line with budget and were ahead by 3.7% or \$1.5m on a pre-pandemic basis two years ago. Sales for the franchise division continued to improve over last year when there were government imposed COVID-19 restrictions.

Net profit for the quarter was \$0.9m compared to \$4.8m for the same period last year which included \$2.5m of hurricane insurance recovery income and buoyant revenue attributable to the COVID lockdowns. On a pre-pandemic basis, net profit was up \$0.8m compared to two years ago.

Selling, general and administrative expenses ("SGA") continued to improve and were 28.6% of revenue for the quarter, compared to 29.6% for the same period two years prior. In the previous year, SG&A expenses as a percentage of sales were relatively low driven primarily by the large sales volumes generated during the same period. Shrink results while improved, continue to be a core focus of the management team.

Given the addition of our Exuma location, inventory levels were slightly higher compared to the year ended April 30, 2021. Management continues to focus on inventory availability and improving assortment across all stores. Cash and bank balances remain strong at \$12.6m, a decrease of \$1.1m from April 30, 2021.

As we continue to operate in these unprecedented times and navigate the recovery of the tourism industry and our economy, we remain committed to operational excellence and serving our communities. Our team is working hard to ensure that we continue to provide the best products at the best prices, and committed to following measures that keep our stores, customers and associates safe.

Given the quarter's performance, the Board of Directors have approved an ordinary dividend payment of \$0.04 per share payable on October 1, 2021, to shareholders on record as of September 24, 2021.

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

Sincerely,

Franklyn A. Butler, II
Chairman

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31st, 2021

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

	As At July 31, 2021	As At April 30, 2021
Assets		
Current assets		
Cash and bank balances	\$ 12,609	\$ 13,781
Term deposits with original maturities greater than 90 days	281	281
Receivables, net of provision	1,363	1,015
Merchandise inventories, net of provisions	17,660	17,268
Other current assets	3,166	4,605
Total current assets	35,079	36,950
Non-current assets		
Other assets	3,138	3,313
Property, plant and equipment, net		
Property, land improvements, and buildings	31,714	31,876
Equipment	5,978	6,360
Leasehold improvements	3,611	3,700
Work in progress	1,701	763
	43,004	42,699
Right of use asset	22,908	23,797
Goodwill	2,976	1,654
Total assets	\$ 107,105	\$ 108,413
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	16,317	16,350
Current portion of preference shares	626	626
Current portion of bank loan	1,580	1,580
Current portion of lease liability	3,850	3,802
Total current liabilities	22,373	22,358
Longterm liabilities		
Preference shares	8,958	8,958
Bank loan	5,185	5,499
Lease liability	22,073	22,979
	36,216	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	32,553	32,656
	48,516	48,619
Total liabilities and shareholders' equity	\$ 107,105	\$ 108,413

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31st, 2021

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

	Quarter ended July 31, 2021	Quarter ended July 31, 2020
Sales	\$ 42,933	\$ 46,827
Cost of sales	(29,379)	(32,190)
Gross profit	13,554	14,637
Selling, general and administrative expenses	(12,278)	(12,160)
Other operating income	202	320
Net operating profit	1,478	2,797
Interest expense	(419)	(417)
Dividends on preference shares	(144)	(153)
Net profit before extraordinary expenses	915	2,227
Pre-opening expenses	(81)	-
Profit on disposal of property, plant & equipment	116	-
Extraordinary Item (Hurricane Income)	-	2,553
Net profit	\$ 950	\$ 4,780
Earnings per share	<u>\$ 0.06</u>	<u>\$ 0.32</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT YEAR QUARTER JULY 31ST 2021
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed In thousands of Bahamian dollars)

	No. of Shares (<i>'000s</i>)	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	-	-	-	-	-	950	950
Dividends (\$0.07 per share)	-	-	-	-	-	(1,053)	(1,053)
Balance as of July 31, 2021	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 6,354	\$ 32,553	\$ 48,516

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR YEAR TO DATE JULY 31, 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed In thousands of Bahamian dollars)

	Year to Date July 31, 2021	Year to Date July 31, 2020
Cash flows from operating activities		
Net profit	\$ 950	\$ 4,780
Adjustments for:		
Depreciation and amortization	2,080	2,088
Dividends on preference shares	144	153
Decrease in provision for doubtful debts	(34)	0
Increase / (Decrease) in inventory provision	359	(166)
Gain on disposal of property, plant and equipment	(116)	0
Interest on lease liability	334	317
Operating cash flow before changes in working capital	3,716	7,172
Working capital source / (use)		
Accounts receivable	(314)	(1,030)
Merchandising inventories	(751)	(665)
Other current assets	1,439	(1,542)
Increase in other assets	175	-
Accounts payable and accrued expenses	(32)	2,146
Net cash provided by operating activities	4,233	6,081
Investing activities source / (use)		
Additions to property, plant and equipment	(1,534)	(505)
Proceeds from disposal of property & equipment	154	-
Investment in Exuma Markets	(1,322)	-
Net cash used in investing activities	(2,702)	(505)
Financing activities source / (use)		
Dividends paid on ordinary shares	(1,053)	(602)
Dividends paid on preference shares	(144)	(153)
Repayment of bank loan	(315)	(353)
Repurchase of treasury shares	-	(23)
Payment of lease liability	(1,193)	(1,279)
Net cash used in financing activities	(2,705)	(2,410)
(Decrease) / increase in cash	(1,174)	3,166
Cash, beginning of period	13,781	7,297
Cash, end of period	12,608	10,463

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31, 2021

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-21	31-Jul-20	31-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20
Sales	\$ 40,790	\$ 45,086	\$ 2,143	\$ 1,741	\$ -	\$ -	\$ 42,933	\$ 46,827
Cost of sales	(28,715)	(31,670)	(664)	(520)	-	-	(29,379)	(32,190)
Gross Profit	12,075	13,416	1,479	1,221	-	-	13,554	14,637
Selling, general and administrative expenses	(7,647)	(7,900)	(1,350)	(1,141)	(3,281)	(3,119)	(12,278)	(12,160)
Other operating income	151	173	8	137	43	10	202	320
Gain on disposal of fixed assets	116	-	-	-	-	-	116	-
Interest expense	(298)	(226)	(36)	(91)	(85)	(100)	(419)	(417)
Dividends on preference shares	-	-	-	-	(144)	(153)	(144)	(153)
Pre-opening expenses	-	-	-	-	(81)	-	(81)	-
Hurricane income/(expenses)	-	-	-	-	-	2,553	-	2,553
Net profit	\$ 4,397	\$ 5,463	\$ 101	\$ 126	\$ (3,548)	\$ (809)	\$ 950	\$ 4,780

As At	Food Distribution		Food Franchise		Corporate		Consolidation	
	31-Jul-21	30-Apr-21	31-Jul-21	30-Apr-21	31-Jul-21	30-Apr-21	31-Jul-21	30-Apr-21
Segment assets	\$ 56,328	\$ 56,642	\$ 2,116	\$ 2,290	\$ 48,661	\$ 49,481	\$ 107,105	\$ 108,413
Segment liabilities	(39,176)	(34,990)	(1,257)	(1,910)	(18,156)	(22,894)	(58,589)	(59,794)
Net operating assets	\$ 17,152	\$ 21,652	\$ 859	\$ 380	\$ 30,505	\$ 26,587	\$ 48,516	\$ 48,619

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31, 2021

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 Bahamas and Direct Traders Limited.

2. DIVIDENDS

The Company paid an ordinary dividend of \$0.04 per share and an extraordinary dividend of \$0.03 per share on July 2, 2021.

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, 2021, the total principal amount outstanding on the Company's loans was \$6.8m.

4. ACQUISITION

During the quarter, the Company completed its purchase of the assets of Exuma Markets Limited in Georgetown, Exuma and rights to use its trade name. On May 31, 2021, the sale was finalized and the store was re-opened on June 4, 2021 under the AML Group. During the quarter \$1.7m was paid, inclusive of VAT, to complete the sale. Goodwill of \$1.3m was recognized upon completion of the sale which represents the excess of the purchase over the fair value of the assets acquired.

5. SUBSEQUENT EVENTS

On September 8, 2021, the Board of Directors approved payment of ordinary dividends of \$0.04 per share payable on October 1, 2021 to shareholders of record on September 24, 2021.

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

Lennox Paton (Nassau)
3 Bayside Executive Park
West Bay Street & Blake Road
P.O. Box N-4875
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
Alison Treco
Meike de Vaere
Tara Cooper Burnside
Jeff Gordman
Sunil Chatrani
Gavin Watchorn

AML FOODS LIMITED

Corporate Offices
#20 University Drive
P.O. Box SS-6322
Nassau, The Bahamas
Tel: (242) 677-7200
Fax: (242) 356-7855