



CHAIRMAN'S REPORT

Q2 2022

The Board of Directors at *AML Foods Limited* today announced results for the second quarter ended October 31st, 2021. Sales for the period were \$40.6m, compared to \$42.9m for the same period in the previous year. Net profit for the quarter was \$66k.

Net profit decreased by \$1.2m over the previous year and was up by \$1.2m compared to 2019 (pre-pandemic). Additionally, sales were up 5.0% or \$1.9m to two years prior and our newest location in Exuma added \$1.3m to overall sales for the quarter. Sales for the franchise division also improved significantly over the previous year by 70.4% but is down 6.8% compared to two years prior. These results are in line with our historical trends, and we anticipate a strong Q3 and Q4 which are normally our best performing quarters.

Selling, general and administrative expenses continue to improve year over year and were 29.3% for Q2 compared to 30.9% in same quarter last year, demonstrating that our teams are continuing to manage our company's expenses well. Shrink results were not as expected but are beginning to show signs of improving as new processes are executed. For the food distribution division, gross margin percentage was 33.7%, a decrease over prior year gross margin percentage of 34.7%. Increases in prices due to the current supply chain issues have impacted margins.

Cash and bank balances were \$10.1m a reduction of \$3.0m from April 30, 2021. This is in line with our normal operating cycle where we normally invest in inventory in preparation for the busy holiday season. In this regard inventory levels are up 3.8% compared to prior quarter. Also, during the quarter, \$0.6m was paid out for ordinary dividends declared during the previous quarter and an additional \$0.6m was used to pay down on the principal balance of preference shares.

Given the quarter's performance, the Board of Directors has approved an ordinary dividend payment of \$0.04 per share and an extraordinary dividend of \$0.03 per share payable on January 7, 2022, to shareholders on record as of December 31, 2021.

On behalf of the Board of Directors, I would like to thank our dedicated and hard-working associates for your continuous commitment to our company and our customers for your continued support of our businesses. Season's greetings and best wishes for a happy and prosperous new year.

Sincerely,

Franklyn A. Butler, II
Chairman

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

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

	As At October 31, 2021	As At April 30, 2021
Assets		
Current assets		
Cash and bank balances	\$ 10,173	\$ 13,781
Term deposits with original maturities greater than 90 days	281	281
Receivables, net of provision	1,577	1,015
Merchandise inventories, net of provisions	18,345	17,268
Other current assets	3,993	4,605
Total current assets	34,369	36,950
Non-current assets		
Other assets	3,138	3,313
Property, plant and equipment, net		
Property, land improvements, and buildings	31,573	31,876
Equipment	5,440	6,360
Leasehold improvements	3,460	3,700
Work in progress	2,095	763
	42,568	42,699
Right of use asset	26,137	23,797
Goodwill	2,976	1,654
Total assets	\$ 109,188	\$ 108,413
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	16,562	16,350
Current portion of preference shares	626	626
Current portion of bank loan	1,606	1,580
Current portion of lease liability	3,587	3,802
Total current liabilities	22,381	22,358
Longterm liabilities		
Preference shares	8,332	8,958
Bank loan	4,785	5,499
Lease liability	25,710	22,979
	38,827	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	32,017	32,656
	47,980	48,619
Total liabilities and shareholders' equity	\$ 109,188	\$ 108,413

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

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

	Quarter ended October 31, 2021	Quarter ended October 31, 2020
Sales	\$ 40,636	\$ 42,938
Cost of sales	(28,118)	(29,751)
Gross profit	12,518	13,187
Selling, general and administrative expenses	(11,905)	(11,598)
Other operating income	192	269
Net operating profit	805	1,859
Interest expense	(536)	(398)
Dividends on preference shares	(144)	(153)
Net profit before extraordinary expenses	125	1,308
Pre-opening expenses	(52)	-
Loss on disposal of property, plant & equipment	(7)	-
Net profit	\$ 66	\$ 1,308
Earnings per share	<u>\$ 0.00</u>	<u>\$ 0.09</u>

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

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

	Year to Date October 31, 2021	Year to Date October 31, 2020
Sales	\$ 83,569	\$ 89,765
Cost of sales	(57,497)	(62,080)
Gross profit	26,072	27,685
Selling, general and administrative expenses	(24,183)	(23,609)
Other operating income	393	589
Net operating profit	2,282	4,665
Interest expense	(955)	(815)
Dividends on preference shares	(288)	(306)
Net profit before extraordinary expenses	1,039	3,544
Pre-opening expenses	(132)	-
Gain on disposal of fixed assets	109	-
Extraordinary items (Hurricane income)	-	2,544
Net profit	\$ 1,016	\$ 6,088
Earnings per share	<u>\$ 0.07</u>	<u>\$ 0.40</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT QUARTER ENDED OCTOBER 31ST 2021
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		-	-	-	-	1,016	1,016
Dividends (\$0.11 per share)		-	-	-	-	(1,655)	(1,655)
Balance as of October 31, 2021	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 6,354	\$ 32,017	\$ 47,980

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

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

	Year to Date October 31, 2021	Year to Date October 31, 2020
Cash flows from operating activities		
Net profit	\$ 1,016	\$ 6,088
Adjustments for:		
Depreciation and amortization	4,187	4,165
Dividends on preference shares	288	306
Decrease in provision for doubtful debts	(61)	(4)
Increase / (Decrease) in inventory provision	70	(339)
(Gain)/Loss on disposal of property, plant and equipment	(109)	1
Interest on lease liability	792	616
Operating cash flow before changes in working capital	6,182	10,833
Working capital source / (use)		
Accounts receivable	(499)	(338)
Merchandising inventories	(1,147)	(1,508)
Other current assets	612	(2,171)
Increase in other assets	175	-
Accounts payable and accrued expenses	213	794
Net cash provided by operating activities	5,536	7,610
Investing activities source / (use)		
Additions to property, plant and equipment	(2,276)	(978)
Proceeds from disposal of property & equipment	154	2
Investment in Exuma Markets	(1,322)	-
Net cash used in investing activities	(3,444)	(976)
Financing activities source / (use)		
Dividends paid on ordinary shares	(1,655)	(1,204)
Dividends paid on preference shares	(288)	(306)
Repayment of bank loan	(689)	(656)
Repayment of preference shares	(626)	(587)
Repurchase of treasury shares	-	(60)
Payment of lease liability	(2,442)	(2,569)
Net cash used in financing activities	(5,700)	(5,382)
(Decrease) / increase in cash	(3,608)	1,252
Cash, beginning of period	13,781	7,297
Cash, end of period	10,173	8,549

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 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.

6 Months Ended	Food Distribution		Food Franchise		Corporate		Consolidation	
	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20
Sales	\$ 79,386	\$ 86,827	\$ 4,183	\$ 2,938	\$ -	\$ -	\$ 83,569	\$ 89,765
Cost of sales	(56,142)	(60,859)	(1,355)	(946)	-	-	(57,497)	(61,805)
Gross Profit	23,244	25,968	2,828	1,992	-	-	26,072	27,960
Selling, general and administrative expenses	(15,668)	(16,340)	(2,596)	(2,511)	(5,918)	(5,037)	(24,182)	(23,888)
Other operating income	321	295	-	232	72	62	393	589
Gain on disposal of fixed assets	116	-	-	-	(7)	-	109	-
Interest expense	(669)	(670)	(123)	54	(163)	(199)	(955)	(815)
Dividends on preference shares	-	-	-	-	(288)	(306)	(288)	(306)
Pre-opening expenses	-	-	-	-	(133)	-	(133)	-
Hurricane income/(expenses)	-	(50)	-	-	-	2,598	-	2,548
Net profit (loss)	\$ 7,344	\$ 9,203	\$ 109	\$ (233)	\$ (6,437)	\$ (2,882)	\$ 1,016	\$ 6,088

As At	Food Distribution		Food Franchise		Corporate		Consolidation	
	31-Oct-21	30-Apr-21	31-Oct-21	30-Apr-21	31-Oct-21	30-Apr-21	31-Oct-21	30-Apr-21
Other information:								
Segment assets	\$ 42,158	\$ 56,642	\$ 1,986	\$ 2,290	\$ 65,044	\$ 49,481	\$ 109,188	\$ 108,413
Segment liabilities	(37,581)	(34,990)	(1,482)	(1,910)	(22,145)	(22,894)	(61,208)	(59,794)
Net operating assets	\$ 4,577	\$ 21,652	\$ 504	\$ 380	\$ 42,899	\$ 26,587	\$ 47,980	\$ 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 on October 1, 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 October 31, 2021, the total principal amount outstanding on the Company’s loans was \$6.4m.

4. SUBSEQUENT EVENTS

On December 8, 2021, the Board of Directors approved payment of ordinary dividends of \$0.04 per share and an Extraordinary dividend of payable on January 7, 2022 to shareholders of record on December 31, 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