



CEO REPORT

Q3 2022

The Board of Directors at *AML Foods Limited* today announced results for the third quarter ended January 31st, 2022. Sales for the period were \$46.9m, an increase of \$2.2m or 4.9% compared to the same period in the previous year, and \$3.9m or 9.2% to two years prior. Net profit for the quarter was \$1.5m compared to \$3.8m for the same period last year and \$1.1m to two years prior.

During the quarter, increases in supplier costs continued to have an impact on gross margin. As a percentage of sales, expenses were flat to prior year but were up \$625k compared to the same period last year. The addition of our Exuma store contributed approximately \$350k to the overall increase. With continued focus, shrink expenses have now begun to show signs of improving.

Our Exuma location continues to exceed our budgets, and we expect to open Solomon's Downtown Freeport in the summer of 2022.

Compared to the same period last year, inventory levels are down \$0.6m despite the addition of our Exuma location. Due to the global supply chain challenge, we are experiencing high levels of out of stocks from vendors however, our entire merchandising team is working to mitigate the impact of this, as well as the effects of inflation as best as we can.

Based on the quarter's performance the Board of Directors have approved an ordinary dividend payment of \$0.04 per share payable on March 25, 2022, to shareholders on record as of March 18, 2022.

As we look to the future, we are leveraging the strength of our core assets and differentiating attributes, to capitalize on the structural changes coming out of the pandemic, turning them into long-term competitive advantages that drive sustainable growth and profitability.

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

Sincerely,
Gavin Watchorn
Chief Executive Officer

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JANUARY 31ST, 2022

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

	As At January 31, 2022	As At April 30, 2021
Assets		
Current assets		
Cash and bank balances	\$ 10,390	\$ 13,781
Term deposits with original maturities greater than 90 days	281	281
Receivables, net of provision	983	1,015
Merchandise inventories, net of provisions	16,683	17,268
Other current assets	2,939	4,605
Total current assets	31,276	36,950
Non-current assets		
Other assets	3,138	3,313
Property, plant and equipment, net		
Property, land improvements, and buildings	31,373	31,876
Equipment	5,503	6,360
Leasehold improvements	4,205	3,700
Work in progress	2,281	763
	43,362	42,699
Right of use asset	25,221	23,797
Goodwill	2,976	1,654
Total assets	\$ 105,973	\$ 108,413
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	14,281	16,350
Current portion of preference shares	626	626
Current portion of bank loan	1,626	1,580
Current portion of lease liability	3,095	3,802
Total current liabilities	19,628	22,358
Longterm liabilities		
Preference shares	8,332	8,958
Bank loan	4,328	5,499
Lease liability	25,238	22,979
	37,898	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	32,484	32,656
	48,447	48,619
Total liabilities and shareholders' equity	\$ 105,973	\$ 108,413

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JANUARY 31ST, 2022

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

	Quarter ended January 31, 2022	Quarter ended January 31, 2021
Sales	\$ 46,904	\$ 44,680
Cost of sales	(32,627)	(30,732)
Gross profit	14,277	13,948
Selling, general and administrative expenses	(12,413)	(12,101)
Other operating income	212	192
Net operating profit	2,076	2,039
Interest expense	(411)	(420)
Dividends on preference shares	(134)	(144)
Net profit before extraordinary expenses	1,531	1,475
Loss on disposal of property, plant & equipment	(10)	-
Extra-ordinary Item (Hurricane Income)	-	2,350
Net profit	\$ 1,521	\$ 3,825
Earnings per share	<u>\$ 0.10</u>	<u>\$ 0.25</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR YEAR TO DATE JANUARY 31ST, 2022

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

	Year to Date January 31, 2022	Year to Date January 31, 2021
Sales	\$ 130,473	\$ 134,445
Cost of sales	(90,125)	(92,812)
Gross profit	40,348	41,633
Selling, general and administrative expenses	(36,596)	(35,485)
Other operating income	606	781
Net operating profit	4,358	6,929
Interest expense	(1,366)	(1,235)
Dividends on preference shares	(422)	(450)
Net profit before extraordinary expenses	2,570	5,244
Pre-opening expenses	(133)	-
Gain on disposal of fixed assets	100	-
Extraordinary items (Hurricane income)	-	4,669
Net profit	\$ 2,537	\$ 9,913
Earnings per share	<u>\$ 0.17</u>	<u>\$ 0.66</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT QUARTER ENDED JANUARY 31ST, 2022
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	-	-	-	-	-	2,537	2,537
Dividends (\$0.18 per share)	-	-	-	-	-	(2,709)	(2,709)
Balance as of January 31, 2022	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 6,354	\$ 32,484	\$ 48,447

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR YEAR TO DATE JANUARY 31ST, 2022

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

	Year to Date January 31, 2022	Year to Date January 31, 2021
Cash flows from operating activities		
Net profit	\$ 2,537	\$ 9,913
Adjustments for:		
Depreciation and amortization	6,320	6,215
Dividends on preference shares	422	450
Decrease in provision for doubtful debts	(74)	27
Increase / (Decrease) in inventory provision	118	(197)
Gain on disposal of property, plant and equipment	(99)	(5)
Interest on lease liability	1,128	946
Operating cash flow before changes in working capital	10,352	17,349
Working capital source / (use)		
Accounts receivable	108	(898)
Merchandising inventories	466	(2,379)
Other current assets	1,666	(1,811)
Increase in other assets	175	-
Accounts payable and accrued expenses	(2,069)	2,775
Net cash provided by operating activities	10,698	15,036
Investing activities source / (use)		
Movement on Term Deposit	(2)	(2)
Additions to property, plant and equipment	(4,307)	(1,636)
Proceeds from disposal of property & equipment	165	13
Investment in Exuma Markets	(1,322)	-
Net cash used in investing activities	(5,466)	(1,625)
Financing activities source / (use)		
Dividends paid on ordinary shares	(2,709)	(2,257)
Dividends paid on preference shares	(422)	(450)
Repayment of bank loan	(1,125)	(1,017)
Repayment of preference shares	(626)	(626)
Repurchase of treasury shares	-	(60)
Payment of lease liability	(3,743)	(3,863)
Net cash used in financing activities	(8,625)	(8,273)
(Decrease) / increase in cash	(3,393)	5,138

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JANUARY 31, 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.

	Food Distribution		Food Franchise		Corporate		Consolidation	
	31-Jan-22	31-Jan-21	31-Jan-22	31-Jan-21	31-Jan-22	31-Jan-21	31-Jan-22	31-Jan-21
3 Months Ended								
Sales	\$ 44,677	\$ 42,748	\$ 2,227	\$ 1,932	\$ -	\$ -	\$ 46,904	\$ 44,680
Cost of sales	(31,931)	(30,111)	(696)	(621)	-	-	(32,627)	(30,732)
Gross Profit	12,746	12,637	1,531	1,311	-	-	14,277	13,948
Selling, general and administrative expenses	(10,719)	(8,004)	(1,351)	(1,151)	(343)	(2,946)	(12,413)	(12,101)
Other operating income	211	155	1	-	-	37	212	192
Gain on disposal of fixed assets	(16)	-	-	-	6	-	(10)	-
Interest expense	(328)	(320)	(9)	(9)	(74)	(91)	(411)	(420)
Dividends on preference shares	-	-	-	-	(134)	(144)	(134)	(144)
Hurricane income/(expenses)	-	(27)	-	-	-	2,377	-	2,350
Net profit	\$ 1,894	\$ 4,441	\$ 172	\$ 151	\$ (545)	\$ (767)	\$ 1,521	\$ 3,825
	Food Distribution		Food Franchise		Corporate		Consolidation	
As At	31-Jan-22	30-Apr-21	31-Jan-22	30-Apr-21	31-Jan-22	30-Apr-21	31-Jan-22	30-Apr-21
Other information:								
Segment assets	\$ 33,368	\$ 56,642	\$ 1,867	\$ 2,290	\$ 70,738	\$ 49,481	\$ 105,973	\$ 108,413
Segment liabilities	(29,515)	(34,990)	(1,212)	(1,910)	(26,997)	(22,894)	(57,724)	(59,794)
Net operating assets	\$ 3,853	\$ 21,652	\$ 655	\$ 380	\$ 43,741	\$ 26,587	\$ 48,249	\$ 48,619

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JANUARY 31, 2022

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 Solomon’s Exuma.

2. DIVIDENDS

The Company paid an ordinary dividend of \$0.04 per share and an extraordinary dividend of \$0.03 per share on January 7, 2022.

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 January 31, 2021, the total principal amount outstanding on the Company’s loans was \$5.9m.

4. SUBSEQUENT EVENTS

On March 11, 2022, the Board of Directors approved payment of ordinary dividends of \$0.04 per share payable on March 25, 2022 to shareholders of record on March 18, 2022.

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