



CHAIRMAN'S REPORT

Q3 2021

The Board of Directors at *AML Foods Limited* today announced results for the third quarter ended January 31st, 2021. Sales for the quarter were \$44.7m, compared to \$43.0m for the same period in the prior year. Net profit for the quarter was \$3.8m compared to \$1.2m for the same period last year. During the quarter, hurricane proceeds of \$2.1m were collected which represented the last of the insurance proceeds owed.

Overall, sales for the quarter were up 4% to prior year. The Company is beginning to see signs of sales softening in line with expectations following double digit increases in Q1 and Q2. Customers shopping habits are returning to pre-pandemic patterns with more frequent visits per week and lower average spend. Given the delay in the opening of the domestic economy and high unemployment levels, the projection is that sales will continue to decline in Q4 and through the end of the current financial year.

During the quarter, we recorded high shrink in some of our perishable departments which reduced our gross profit. We are refining our buying processes to better manage inventory flow and reduce excess on-hand levels which should have a direct impact on shrink. Our expenses were managed well and remained in line with targets.

We also refinanced our preference share debt and held back on large capital investments given the uncertainty in the economy. This has helped to improve our net cash flow position and our cash balances have increased compared to the same period last year and compared to April 2020.

Our Company remains committed to serving our community and following measures that keep our stores safe for shoppers and associates. Our team remains focused on operational excellence and will continue to provide our customers with the best shopping experiences.

Given the quarter's performance, the Board of Directors have approved a dividend payment of \$0.04 per share payable on April 2, 2021 to shareholders on record as of March 26, 2021.

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

Sincerely,

Franklyn A. Butler, II
Chairman

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed In thousands of Bahamian dollars)

	As At January 31, 2021	As At April 30, 2020
Assets		
Current assets		
Cash and bank balances	\$ 12,434	\$ 7,297
Term deposits with original maturities greater than 90 days	282	279
Receivables, net of provision	1,796	927
Merchandise inventories, net of provisions	19,908	17,331
Other current assets	5,038	3,226
Total current assets	39,458	29,061
Non-current assets		
Other assets	3,138	3,138
Property, plant and equipment, net		
Property, land improvements, and buildings	29,539	29,987
Equipment	6,767	7,187
Leasehold improvements	3,540	4,260
Work in progress	277	484
	40,123	41,918
Right of use asset	24,323	27,115
Goodwill	1,654	1,654
Total assets	\$ 108,696	\$ 102,886
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	18,771	15,997
Current portion of preference shares	626	1,775
Current portion of bank loan	1,562	1,438
Current portion of lease liability	3,827	3,519
Total current liabilities	24,786	22,729
Longterm liabilities		
Preference shares	8,958	8,436
Bank loan	5,941	7,081
Lease liability	23,519	26,744
	38,418	42,261
Shareholders' equity		
Ordinary share capital	7,524	7,524
Treasury shares	(146)	(86)
Contributed surplus	2,231	2,231
Revaluation surplus	3,857	3,857
Dividends paid	(2,257)	(2,859)
Net profit from operations	9,913	1,440
Retained earnings	24,370	25,789
	45,492	37,896
Total liabilities and shareholders' equity	\$ 108,696	\$ 102,886

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed In thousands of Bahamian dollars except per share amounts)

	Quarter ended January 31, 2021	Quarter ended January 31, 2020
Sales	\$ 44,680	\$ 42,964
Cost of sales	(30,732)	(29,242)
Gross profit	13,948	13,722
Selling, general and administrative expenses	(12,101)	(11,856)
Other operating income	192	148
Net operating profit	2,039	2,014
Interest expense	(420)	(430)
Dividends on preference shares	(144)	(153)
Net profit before extraordinary expenses	1,475	1,431
Extraordinary items (Hurricane income/loss)	2,350	(273)
Net profit from continuing operations	3,825	1,158
Gain from discontinued operations	-	5
Net profit	\$ 3,825	\$ 1,163
Earnings per share from continuing operations	\$ 0.25	\$ 0.07
Earnings per share from discontinued operations	\$ -	\$ 0.00
Earnings per share	\$ 0.25	\$ 0.08

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed In thousands of Bahamian dollars except per share amounts)

	Year to Date Ended January 31, 2021	Year to Date January 31, 2020
Sales	\$ 134,445	\$ 123,063
Cost of sales	(92,812)	(85,017)
Gross profit	41,633	38,046
Selling, general and administrative expenses	(35,485)	(34,890)
Other operating income	781	561
Net operating profit	6,929	3,717
Interest expense	(1,235)	(1,343)
Dividends on preference shares	(450)	(513)
Net profit before extraordinary expenses	5,244	1,861
Extraordinary items (Hurricane income/loss)	4,669	(1,741)
Net profit from continuing operations	9,913	120
Loss from discontinued operations	-	(189)
Net profit (loss)	\$ 9,913	\$ (69)
Earnings per share from continuing operations	\$ 0.66	\$ 0.01
Earnings per share from discontinued operations	\$ -	\$ (0.01)
Earnings per share	\$ 0.66	\$ (0.00)

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT QUARTER ENDED 31ST JANUARY 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, 2019	15,049	\$ 7,524	\$ (40)	\$ 2,231	\$ 5,040	\$ 25,789	\$ 40,544
Shares repurchased		-	(46)	-	-	-	(46)
Net profit from continuing operations		-	-	-	-	1,642	1,642
Net loss from discontinued operations		-	-	-	-	(202)	(202)
Declared dividends (\$0.19 per share)		-	-	-	-	(2,859)	(2,859)
Revaluation deficit		-	-	-	(1,183)	-	(1,183)
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 continuing operations		-	-	-	-	9,913	9,913
Declared dividends (\$0.14 per share)		-	-	-	-	(2,257)	(2,257)
Balance as of January 31, 2021	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 3,857	\$ 32,026	\$ 45,492

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JANUARY 31, 2021
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed In thousands of Bahamian dollars)

	Quarter ended January 31, 2021	Quarter ended January 31, 2020
Cash flows from operating activities		
Net profit	\$ 3,826	\$ 1,257
Adjustments for:		
Gain on discontinued operations	-	(5)
Depreciation and amortization	2,049	1,947
Dividends on preference shares	144	153
Increase in provision for doubtful debts	31	16
(Decrease) / Increase in inventory provision	(1,729)	1,543
Gain on disposal of property, plant and equipment	(7)	-
Interest on lease liability	329	326
Operating cash flow before changes in working capital	4,643	5,237
Working capital source / (use)		
Accounts receivable	(559)	(271)
Merchandising inventories	1,000	(1,752)
Other current assets	359	186
Accounts payable and accrued expenses	1,983	(460)
Net cash provided by operating activities	7,426	2,940
Investing activities source / (use)		
Movement on term deposit	(2)	(2)
Additions to property, plant and equipment	(658)	(1,154)
Proceeds from disposal of property & equipment	11	6
Net cash used in investing activities	(649)	(1,150)
Financing activities source / (use)		
Dividends paid on ordinary shares	(1,053)	(602)
Dividends paid on preference shares	(144)	(153)
Repayment of bank loan	(361)	(345)
Repayment of preference shares	(39)	-
Payment of lease liability	(1,294)	(1,227)
Net cash used in financing activities	(2,891)	(2,327)
Increase / (Decrease) in cash	3,886	(537)
Cash, beginning of period	8,548	2,954
Cash, end of period	12,434	2,417

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 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 March 10, 2021 the Board of Directors approved payment of ordinary dividends of \$0.04 per share payable on April 2, 2021 to shareholders of record on March 26, 2021. The Company paid an ordinary dividend of \$0.03 per share on January 5, 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 January 31, 2021, the total principal amount outstanding on the Company's loans was \$7.5m.

4. EXTRAORDINARY ITEMS

During the quarter, the Company recorded extraordinary income of \$2.1m from Hurricane Dorian claims received. The Company has received all claims related to Hurricane Dorian and does not expect to receive any additional payments.

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
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