



**INTERIM REPORT**

**(NINE MONTHS)  
30 SEPTEMBER 2022**

## INTERIM REPORT TO OUR STOCKHOLDERS

For the nine months ended September 30, 2022, GraceKennedy Limited (GK) recorded strong top-line growth, realising revenues of J\$107.4 billion, an increase of 12.2% or J\$11.7 billion over the corresponding period in 2021. Operating profit across the business segments was mixed, with overall profit before other income of J\$5.3 billion, a J\$550 million or 9.4% decline compared to prior year. Profit before tax (PBT) was J\$7.7 billion, a 9.4% or J\$803 million lower than the corresponding period of 2021, while net profit after tax was J\$5.6 billion, a decline of 9.4% or J\$586 million compared to prior year. Net profit attributable to stockholders was J\$5.2 billion, 8.1% or J\$458 million lower than the corresponding period of 2021. Earnings per stock unit for the period was J\$5.27 (2021: J\$5.73).

As reported previously, GK recorded non-recurring gains in the amount of J\$308 million in 2021, due to the conversion of a Paycheck Protection Program loan held by our US based subsidiary into a grant by the US Government. Excluding these gains, the decline in net profit for this reporting period compared to the corresponding period in 2021 would have been 4.7%.

The table below summarizes the impact of these non-recurring gains:

	9 months to 9/30/2022 J\$'000	9 months to 9/30/2021 J\$'000	Change J\$'000	Change %
Net Profit After Tax, as reported	5,647,717	6,234,267	(586,500)	-9.4%
Non-recurring gain on loan grant to subsidiary	-	(308,060)	308,060	-100%
Net Profit After Tax, excluding non-recurring gains	5,647,717	5,926,207	(278,490)	-4.7%

GK continues to operate within an increasingly challenging macroeconomic environment which is characterised by rising inflation globally, an inconsistent supply chain, increasing interest rates and distribution costs. In addition, ongoing global geopolitical tensions and conflicts continue to impact food prices and our supply channels. These challenges have led to margins being compressed. Due to high global inflation, the disposable income of remittance customers in the sending markets has been negatively impacted which led to reduced foreign currency inflows to Jamaica, and by extension impacted our remittance business. In response, GK has redoubled our cost containment efforts and implemented strategies to grow revenues and profits sustainably. Notwithstanding the headwinds, we remain cautiously optimistic about the future and expect to end the year with a positive fourth quarter.

### Performance of Business Segments

#### Foods

GK's food business recorded overall growth in revenues compared to the corresponding period of 2021. There were mixed results for PBT across the division, which reflects the current operating environment.

Our Jamaican food distribution business recorded a commendable performance, achieving growth in both revenue and PBT. Leading drivers of growth included vienna sausages, frankfurters, *Tastee Cheese* and *Tropical Rhythms*, while our accelerated products portfolio, which includes the *Caribbean Choice* line, remained a strong driver of revenue.

World Brands Services (WBS) continues to perform well, earning double-digit growth in both revenue and PBT compared to the corresponding period of 2021. As WBS celebrates its 20<sup>th</sup> anniversary in 2022, there will be increased brand visibility and promotional activities for the remainder of the year.

Consumer Brands Limited (CBL) also reported a notable performance, reflecting double-digit growth in revenues and PBT. CBL has significantly expanded its distribution points and is sustaining its efforts to improve relationship management and increase brand visibility.

GK's chain of supermarkets in Jamaica, Hi-Lo Food Stores, showed improved performance compared to prior year. Strategic initiatives centred on performance improvement continue to bear fruit. The Hi-Lo e-commerce platform ([www.hilofoodstoresja.com](http://www.hilofoodstoresja.com)) has been a positive addition to the chain's offerings and has created additional points of contact with customers. The new Hi-Lo location in Negril opened in October and has been performing well.

GK's Food Manufacturing Division continues to grapple with shipping delays and product unavailability. Dairy Industries Jamaica Limited (DIJL) remained a positive contributor and achieved double-digit growth in revenues and PBT for the period under review. Grace Food Processors (Meats) was also a strong performer as the demand for vienna sausages and frankfurters remained high. The transitional period associated with the merger of National Processors (Nalpro) and Grace Food Processors (Canning) into NALCAN continued, and full integration of the manufacturing facilities is expected to be complete by year end.

Our international foods business grew its revenues, however, PBT continues to be stymied by inflated distribution costs.

GraceKennedy Foods (USA) LLC (GK Foods USA) achieved revenue growth over prior year, however, it was challenged in the first quarter by high demurrage and shipping costs, which have since been addressed. The team remains buoyed by the positive performance of the La Fe brand, and in particular, the relaunch of La Fe Empanadas, produced encouraging results. As GK Foods USA executes on its strategic initiatives for the remainder of the year, a strong fourth quarter performance is expected.

Grace Foods UK Limited continues to perform well despite recent economic and political shocks in the United Kingdom. The company's revenue remained flat over prior year while PBT showed growth. The food service industry remains buoyant, and the business is focused on driving product awareness. Nurishment, and other Grace branded products, continue to report growth over prior year.

Grace Foods Canada Inc. reported revenues above prior year, however, PBT was negatively impacted by high freight costs and sustained high inflation, which compressed margins. The improved availability of key products has helped to bolster performance. The anticipated reduction in freight costs is also expected to result in improved profitability for the remainder of the year.

### *Financial Services*

The GraceKennedy Financial Group delivered a mixed performance for the period within an increasingly volatile economic environment.

GK Capital Management Limited (GK Capital) reported a strong year to date performance, characterized by significant growth in its revenues and PBT over prior year. This growth has been driven by its investment banking business and residual gains from Initial Public Offerings, for Spur Tree Spices Jamaica Limited and Jamaica Fibreglass Plastics Limited, in which it acted as lead broker earlier this year. GK Capital is finalizing all regulatory and operational parameters for the launch of its mutual fund offering in partnership with the Trinidad and Tobago Unit Trust Corporation.

GK's commercial bank, First Global Bank Limited, continues to aggressively pursue the SME market, and reported high double-digit loan growth in this segment compared to prior year. Locally, high interest rates have been posing challenges to net interest margins and implemented strategies to manage this.

SigniaGlobe Financial Group Inc., GK's jointly owned merchant banking business in Barbados, sustained their strong performance into the third quarter, reporting increased revenues and PBT.

GK's Insurance segment showed robust growth in revenue as recent acquisitions and joint ventures continue to integrate well with the rest of the Group. Profits declined marginally, due mainly to lower than projected returns on investment income and higher than anticipated claims costs related to inflation. GK General Insurance Company Limited (GKGI) outperformed its prior year revenues, attributable to growth in its core business portfolios. GKGI remains focused on its online offerings and launched its *Oh My its KGKOnline* campaign in September, which allows customers the unique opportunity of building their own motor insurance policy online. Key Insurance Company Limited also continued to produce positive results, recording growth in revenues and PBT. Canopy Insurance Limited generated revenue growth over prior year in all business segments and is focused on improving its loss ratios. GK Life Insurance Eastern Caribbean Limited continues to generate strong pre-tax profits and will target revenue growth through expanding and cementing strategic partnerships. Allied Insurance Brokers Limited remains focused on strengthening and growing client relationships and leveraging partnerships while sustaining its revenue growth over prior year.

GraceKennedy Money Services Limited (GKMS) reported a decline in revenues and PBT, primarily attributed to lower transaction volumes and reduced foreign exchange gains. Strategies have been implemented in both the sending and receiving markets to stimulate growth, and we are confident this will produce a positive outcome. GKMS' cambio business saw growth over prior year period due to an uptick in trading activity in both their retail and commercial portfolios. This recovery has largely been driven by increased activity in the tourism sector. GKMS' payments business also saw strong growth, mainly due to increased usage of its digital channel, *Bill Express Online*.

### **Digital Transformation**

The GK ONE mobile app now offers customers the ability to receive a Western Union remittance directly to their mobile wallet, as well as pay bills. Customers have been excited to receive the "Shelly" Visa prepaid card associated with the app, which features the image of multi-Olympic and World Championship gold medallist and GK ambassador, Shelly-Ann Fraser-Pryce. Additional money services are slated for rollout via the app in the coming months. Since the start of the year GK has invested over J\$200 million in our GK Digital Factory. We are optimistic that this important investment will meet our targeted objectives, including greater customer reach, convenience, and enhanced product offerings.

### **Mergers & Acquisitions**

In August, GraceKennedy confirmed that it had come to an agreement with Bank of Nova Scotia to acquire 100% of Scotia Insurance Caribbean Limited (SICL), subject to the necessary regulatory approvals and customary closing conditions. Like GK Life, SICL is a licensed life insurance company, which offers credit protection to customers on personal loans, residential mortgages, personal lines of credit, personal and small business credit cards. SICL currently operates in Barbados, Belize, British Virgin Islands, Cayman Islands and Turks & Caicos Islands.

### **GK100**

The 2022 GraceKennedy Foundation (GKF) Lecture entitled "*A Century of Excellence. GraceKennedy's Recipe for Success*" was held on Thursday, October 20 at the Jamaica Conference Centre in Kingston. The Lecture provided an insightful look into our Company's 100-year history, and highlighted different periods of the company's story, from its beginnings as a family-owned business to a publicly traded, global consumer group. The lecture was presented by GraceKennedy stalwarts, Dr Fred Kennedy, educator, author, and Chairman of GK Foundation; Hon. Douglas Orane, CD, retired Chairman and CEO of GraceKennedy; and Senator Don Wehby, CD, the current Group CEO of GraceKennedy, and was attended by over 400 guests and live streamed on YouTube. The lecture may be viewed at the following link: <https://www.youtube.com/watch?v=tX5Bzq6ewDk>

## We Care

GK continues to support the communities within which we operate through corporate social responsibility initiatives led by our two Foundations. The Group invested over J\$50 million in back-to-school support in Jamaica, ahead of the start of the 2022/2023 academic year. GraceKennedy Foundation (GKF) awarded 90 scholarships, valued at over J\$24.2 million, to tertiary students at the University of the West Indies (UWI), University of Technology (UTech), Edna Manley College of the Visual and Performing Arts and the Caribbean Maritime University. GKF also awarded J\$2.1 million in bursaries to 23 children of GK team members through the annual Carlton Alexander Memorial Bursary programme. The Grace & Staff Community Development Foundation (Grace & Staff) added 194 students to their annual tuition assistance programme, and J\$22 million has been committed to cover tuition expenses for 1,284 secondary and tertiary students this academic year.

Grace & Staff also continued its work to reshape the future of at-risk youth living in Kingston through its Youth Boost programme. The programme, which is financed through a partnership with USAID and the non-profit human development organization FHI 360, targeted 20 young men and boys from the Majesty Gardens Community in Kingston, using cognitive-behavioural therapy to build pro-social behaviours and dissuade them from engaging in delinquent activities. In July, participants in the second cohort of Youth Boost began an eight-week internship in construction and business operations, to equip them for future employment.

GKF also remained instrumental in the effort to protect Jamaica's natural environment. Work continues to be carried out under the Kingston Harbour Cleanup Project, which is being implemented by GKF in partnership with The Ocean Cleanup and Clean Harbours Jamaica. On July 16, over 75 volunteers, mobilised by GKF and its partners, removed 1,092 pounds of solid waste from the Sirgany Beach in Kingston, Jamaica. As part of International Coastal Cleanup Day activities in September, GKF mobilized over 500 volunteers to remove over 37,000 pounds of garbage from the Gunboat and Sirgany Beaches in Kingston, Jamaica.

## Recognition & Awards

In October Grace Foods Latin America and the Caribbean (LACA) won the coveted Governor General's Award for Exporter of the Year from the Jamaica Manufacturers and Exporters Association (JMEA) at their annual M&E Awards. Also in October, DIJL won the National Award for Manufacturing at the Bureau of Standards Jamaica's National Quality Awards. DIJL also won the Human Resource Focus Sectional Award for Manufacturing. Other winners were Hi-Lo and Grace Food Processors (Meats) Division who won the Service Sectional Prizes for Customer Focus and Process Management, and the Manufacturing Sectional Prize for Process Management respectively.

As we approach the end of the year of our 100<sup>th</sup> anniversary, GraceKennedy's core values - *Honesty, Integrity and Trust* – and our *We Care* mantra continue to guide our team as we work together towards achieving our 2030 vision. ***Our Story is Your Story. Celebrating the Past. Shaping the Future.*** We remain dedicated to achieving our strategic objectives and improving the lives of all those we interact with in the communities we serve. Notwithstanding the challenges, we look forward to closing out the year with a strong performance, powered by our amazing team, sound strategy and world-class products and services delivered at the highest standard.



Gordon V. Shirley, OJ  
Chairman



Donald G. Wehby, CD  
Group Chief Executive Officer

November 10, 2022

# GraceKennedy Limited

## CONSOLIDATED INCOME STATEMENT NINE MONTHS ENDED 30 SEPTEMBER 2022 (Unaudited)

	3 months to 9/30/2022 \$'000	9 months to 9/30/2022 \$'000	3 months to 9/30/2021 \$'000	9 months to 9/30/2021 \$'000
Revenue from products and services	33,647,812	103,985,684	31,275,213	92,355,966
Interest revenue	1,197,832	3,449,913	1,149,675	3,420,263
<b>Revenues</b> (Note 2)	34,845,644	107,435,597	32,424,888	95,776,229
Direct and operating expenses	(33,229,245)	(101,888,910)	(30,248,373)	(89,499,744)
Net impairment losses on financial assets	(95,745)	(213,142)	(162,481)	(392,404)
<b>Expenses</b>	(33,324,990)	(102,102,052)	(30,410,854)	(89,892,148)
<b>Profit before other income</b>	1,520,654	5,333,545	2,014,034	5,884,081
Other income	751,662	2,359,149	1,185,127	2,712,404
<b>Profit from Operations</b>	2,272,316	7,692,694	3,199,161	8,596,485
Interest income – non-financial services	168,624	423,927	157,484	433,576
Interest expense – non-financial services	(275,674)	(919,266)	(300,416)	(858,262)
Share of results of associates and joint ventures	113,535	539,244	38,715	368,294
<b>Profit before Taxation</b>	2,278,801	7,736,599	3,094,944	8,540,093
Taxation	(615,277)	(2,088,882)	(835,635)	(2,305,826)
<b>Net Profit for the period</b>	1,663,524	5,647,717	2,259,309	6,234,267
<b>Profit attributable to:</b>				
<b>Owners of GraceKennedy Limited</b>	1,520,917	5,219,796	2,090,387	5,677,684
<b>Non-controlling interests</b>	142,607	427,921	168,922	556,583
	1,663,524	5,647,717	2,259,309	6,234,267

### Earnings per Stock Unit for profit attributable to the owners of the company during the period:

(expressed in \$ per stock unit):

<b>Basic</b>	\$1.54	\$5.27	\$2.11	\$5.73
<b>Diluted</b>	\$1.52	\$5.22	\$2.09	\$5.69

# GraceKennedy Limited

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NINE MONTHS ENDED 30 SEPTEMBER 2022

(Unaudited)

	3 months to 9/30/2022 \$'000	9 months to 9/30/2022 \$'000	3 months to 9/30/2021 \$'000	9 months to 9/30/2021 \$'000
Profit for the period	1,663,524	5,647,717	2,259,309	6,234,267
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Gains on revaluation of land and buildings	-	-	-	32,530
Changes in fair value of equity instruments at fair value through other comprehensive income	(85,658)	(6,434)	94,292	(2,513)
Remeasurements of post-employment benefit obligations	(778,874)	(763,933)	193,671	439,198
Share of other comprehensive income of associates and joint ventures	-	1,457	-	(5,461)
	(864,532)	(768,910)	287,963	463,754
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Foreign currency translation adjustments	(129,736)	(938,463)	(244,207)	514,547
Changes in fair value of debt instruments at fair value through other comprehensive income	(92,137)	(631,667)	(94,071)	(194,262)
Share of other comprehensive income of associates and joint ventures	24,128	(35,039)	(24,688)	62,081
	(197,745)	(1,605,169)	(362,966)	382,366
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,062,277)</b>	<b>(2,374,079)</b>	<b>(75,003)</b>	<b>846,120</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>601,247</b>	<b>3,273,638</b>	<b>2,184,306</b>	<b>7,080,387</b>
<b>Total comprehensive income attributable to:</b>				
Owners of GraceKennedy Limited	447,959	2,861,720	2,022,936	6,494,114
Non-controlling interests	153,288	411,918	161,370	586,273
	601,247	3,273,638	2,184,306	7,080,387

# GraceKennedy Limited

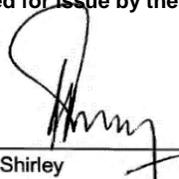
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

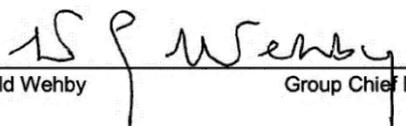
30 SEPTEMBER 2022

(Unaudited)

	September 30 2022 \$'000	December 31 2021 \$'000	September 30 2021 \$'000
<b>ASSETS</b>			
Cash and deposits	34,104,710	30,036,681	27,129,058
Investment securities	36,961,377	40,479,250	38,184,465
Pledged assets	6,772,184	9,361,518	9,023,945
Receivables	23,610,070	20,183,748	22,172,492
Inventories	20,079,554	19,228,919	15,216,208
Loans receivable	35,635,016	33,322,490	32,809,758
Taxation recoverable	1,183,709	1,063,158	1,014,409
Investments in associates and joint ventures	5,364,089	4,524,211	4,356,538
Investment properties	765,900	765,900	699,000
Intangible assets	6,179,430	6,176,933	5,404,424
Fixed assets	25,199,401	26,223,419	25,692,858
Deferred tax assets	1,918,884	1,332,769	1,168,460
Pension plan asset	2,981,349	7,097,995	7,230,798
<b>Total Assets</b>	<b>200,755,673</b>	<b>199,796,991</b>	<b>190,102,413</b>
<b>LIABILITIES</b>			
Deposits	49,626,851	48,143,926	43,993,115
Securities sold under agreements to repurchase	5,401,173	7,249,565	7,112,582
Bank and other loans	29,460,971	27,988,518	26,843,711
Payables	36,011,355	36,019,373	34,350,618
Taxation	966,276	789,425	1,023,211
Provisions	49,275	48,303	45,436
Deferred tax liabilities	1,898,849	1,783,144	1,784,454
Other post-employment obligations	4,448,115	6,768,762	6,431,739
<b>Total Liabilities</b>	<b>127,862,865</b>	<b>128,791,016</b>	<b>121,584,866</b>
<b>EQUITY</b>			
<b>Capital &amp; reserves attributable to the company's owners</b>			
Share capital	229,253	284,387	331,226
Capital and fair value reserves	6,852,301	7,409,599	7,581,937
Retained earnings	53,372,705	50,318,566	48,547,035
Banking reserves	3,920,711	3,920,711	3,920,711
Other reserves	4,750,058	5,672,330	4,686,216
<b>Equity attributable to owners of the company</b>	<b>69,125,028</b>	<b>67,605,593</b>	<b>65,067,125</b>
<b>Non-Controlling Interests</b>	<b>3,767,780</b>	<b>3,400,382</b>	<b>3,450,422</b>
<b>Total Equity</b>	<b>72,892,808</b>	<b>71,005,975</b>	<b>68,517,547</b>
<b>Total Equity and Liabilities</b>	<b>200,755,673</b>	<b>199,796,991</b>	<b>190,102,413</b>

Approved for issue by the Board of Directors on 10 November 2022 and signed on its behalf by:

  
 Gordon Shirley  
 Chairman

  
 Donald Wehby  
 Group Chief Executive Officer

# GraceKennedy Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NINE MONTHS ENDED 30 SEPTEMBER 2022

(Unaudited)

	Attributable to owners of the company							Non-	Total
	No. of Shares '000	Share Capital \$'000	Capital and Fair Value Reserve \$'000	Retained Earnings \$'000	Banking Reserves \$'000	Other Reserves \$'000	Total \$'000	controlling interests \$'000	Equity \$'000
Balance at 1 January 2021	989,661	305,493	7,789,066	44,096,867	3,620,711	4,098,122	59,910,259	2,869,068	62,779,327
Profit for the period	-	-	-	5,677,684	-	-	5,677,684	556,583	6,234,267
Other comprehensive income for the period	-	-	(170,496)	439,198	-	547,728	816,430	29,690	846,120
Total comprehensive income for the period	-	-	(170,496)	6,116,882	-	547,728	6,494,114	586,273	7,080,387
Transactions with owners:									
Issue of shares	15	737	-	-	-	-	737	-	737
Purchase of treasury shares	(535)	(54,899)	-	-	-	-	(54,899)	-	(54,899)
Increase in non-controlling interests	-	-	-	-	-	-	-	83,216	83,216
Transfer of non-controlling interests	-	-	(61,880)	-	-	-	(61,880)	61,880	-
Share-based payments charged	-	-	-	-	-	174,924	174,924	-	174,924
Share-based payments exercised	-	-	-	-	-	(29,144)	(29,144)	(144)	(29,288)
Transfer of shares to employees	42	2,229	-	-	-	(2,229)	-	-	-
Transfer of treasury shares to employees	1,291	77,666	25,795	-	-	(103,185)	276	(276)	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(149,595)	(149,595)
Dividends paid	-	-	-	(1,367,262)	-	-	(1,367,262)	-	(1,367,262)
Total transactions with owners	813	25,733	(36,085)	(1,367,262)	-	40,366	(1,337,248)	(4,919)	(1,342,167)
Transfers between reserves:									
From capital reserves	-	-	(548)	548	-	-	-	-	-
To banking reserves	-	-	-	(300,000)	300,000	-	-	-	-
Balance at 30 September 2021	990,474	331,226	7,581,937	48,547,035	3,920,711	4,686,216	65,067,125	3,450,422	68,517,547
Balance at 1 January 2022									
Balance at 1 January 2022	990,009	284,387	7,409,599	50,318,566	3,920,711	5,672,330	67,605,593	3,400,382	71,005,975
Profit for the period	-	-	-	5,219,796	-	-	5,219,796	427,921	5,647,717
Other comprehensive income for the period	-	-	(629,168)	(763,933)	-	(964,975)	(2,358,076)	(16,003)	(2,374,079)
Total comprehensive income for the period	-	-	(629,168)	4,455,863	-	(964,975)	2,861,720	411,918	3,273,638
Transactions with owners:									
Issue of shares	21	1,533	-	-	-	-	1,533	-	1,533
Sale of treasury shares	1,857	128,843	63,804	-	-	(73,627)	119,020	-	119,020
Purchase of treasury shares	(2,982)	(298,172)	-	-	-	-	(298,172)	-	(298,172)
Transfer of non-controlling interests	-	-	-	-	-	-	-	53,145	53,145
Share-based payments charged	-	-	-	-	-	322,208	322,208	-	322,208
Share-based payments exercised	-	-	-	-	-	(60,042)	(60,042)	(1,332)	(61,374)
Transfer of shares to employees	25	1,576	-	-	-	(1,576)	-	-	-
Transfer of treasury shares to employees	1,450	111,086	33,768	-	-	(144,260)	594	(594)	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(95,739)	(95,739)
Dividends paid	-	-	-	(1,427,426)	-	-	(1,427,426)	-	(1,427,426)
Total transactions with owners	371	(55,134)	97,572	(1,427,426)	-	42,703	(1,342,285)	(44,520)	(1,386,805)
Transfers between reserves:									
From capital reserves	-	-	(25,702)	25,702	-	-	-	-	-
Balance at 30 September 2022	990,380	229,253	6,852,301	53,372,705	3,920,711	4,750,058	69,125,028	3,767,780	72,892,808

# GraceKennedy Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED 30 SEPTEMBER 2022

(Unaudited)

	9/30/2022 \$'000	9/30/2021 \$'000
<b>SOURCES/(USES) OF CASH:</b>		
<b>Operating Activities</b> (Note 3)	1,831,315	10,890,432
<b>Financing Activities</b>		
Loans received	8,616,936	14,198,929
Loans repaid	(7,933,209)	(13,807,513)
Proceeds from issue of shares to non-controlling interests	-	83,216
Dividends paid by subsidiary to non-controlling interests	(95,739)	(149,595)
Purchase of treasury shares	(298,172)	(54,899)
Sale of treasury shares	119,020	-
Issue of shares	1,533	737
Exercise of share based payments	(61,374)	(29,288)
Interest paid – non financial services	(880,971)	(829,149)
Dividends	(1,427,426)	(1,367,262)
	(1,959,402)	(1,954,824)
<b>Investing Activities</b>		
Additions to fixed assets	(1,327,127)	(1,081,720)
Proceeds from disposal of fixed assets	89,866	21,309
Additions to investments	(7,958,971)	(11,213,224)
Cash outflow on acquisition of subsidiary	(85,970)	(267,088)
Cash outflow on purchase of interest in associates and joint ventures	(452,093)	-
Proceeds from sale of investments	13,274,678	6,135,268
Additions to intangibles	(629,598)	(889,282)
Interest received – non financial services	481,216	456,950
	3,392,001	(6,837,787)
Increase in cash and cash equivalents	3,263,914	2,097,821
Cash and cash equivalents at beginning of year	27,911,182	23,319,787
Exchange and translation (losses)/gains on net foreign cash balances	(143,493)	328,635
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>31,031,603</b>	<b>25,746,243</b>

# GraceKennedy Limited

## FINANCIAL INFORMATION BY OPERATING SEGMENT

NINE MONTHS ENDED 30 SEPTEMBER 2022

(Unaudited)

9 months to 30 September 2022	Food Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
<b>REVENUE</b>						
External sales	85,475,976	5,702,680	9,607,806	6,649,135	-	107,435,597
Inter-segment sales	181,001	207,879	730,932	-	(1,119,812)	-
<b>Total Revenue</b>	<b>85,656,977</b>	<b>5,910,559</b>	<b>10,338,738</b>	<b>6,649,135</b>	<b>(1,119,812)</b>	<b>107,435,597</b>
<b>RESULT</b>						
Operating results	4,234,691	717,333	980,280	2,458,866	79,773	8,470,943
Unallocated expense	-	-	-	-	(778,249)	(778,249)
Profit from operations	-	-	-	-	-	7,692,694
Finance income	8,582	4,234	39,431	40,123	331,557	423,927
Finance expense	(509,040)	(74,097)	(5,278)	(92,314)	(238,537)	(919,266)
Share of associates and joint ventures	428,577	184,576	(73,909)	-	-	539,244
Profit before Taxation	4,162,810	832,046	940,524	2,406,675	(605,456)	7,736,599
Taxation						(2,088,882)
<b>Net Profit for the period</b>						<b>5,647,717</b>
Attributable to:						
Owners of GraceKennedy Limited						5,219,796
Non-controlling interests						427,921
						<b>5,647,717</b>
<b>9 months to 30 September 2021</b>						
	Food Trading \$'000	Banking & Investments \$'000	Insurance \$'000	Money Services \$'000	Consolidation Adjustments \$'000	Group \$'000
<b>REVENUE</b>						
External sales	75,146,483	4,961,789	8,451,935	7,216,022	-	95,776,229
Inter-segment sales	164,863	173,838	642,317	-	(981,018)	-
<b>Total Revenue</b>	<b>75,311,346</b>	<b>5,135,627</b>	<b>9,094,252</b>	<b>7,216,022</b>	<b>(981,018)</b>	<b>95,776,229</b>
<b>RESULT</b>						
Operating results	4,586,768	453,321	984,156	3,132,064	55,416	9,211,725
Unallocated expense	-	-	-	-	(615,240)	(615,240)
Profit from operations	-	-	-	-	-	8,596,485
Finance income	4,656	7,257	23,756	16,568	381,339	433,576
Finance expense	(488,313)	(44,088)	(5,739)	(101,334)	(218,788)	(858,262)
Share of associates and joint ventures	323,573	92,270	(47,549)	-	-	368,294
Profit before Taxation	4,426,684	508,760	954,624	3,047,298	(397,273)	8,540,093
Taxation						(2,305,826)
<b>Net Profit for the period</b>						<b>6,234,267</b>
Attributable to:						
Owners of GraceKennedy Limited						5,677,684
Non-controlling interests						556,583
						<b>6,234,267</b>

# GraceKennedy Limited

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS 30 SEPTEMBER 2022

### Notes

#### 1. Accounting Policies

##### (a) Basis of preparation

This condensed consolidated interim financial report for the reporting period ended 30 September 2022 has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

The accounting policies followed in these interim financial statements are consistent with those of the previous financial year and corresponding interim reporting period.

##### (b) Segment reporting

The principal activities of the company, its subsidiaries, associates and joint ventures (the Group) are as follows:

- *Food Trading* – Merchandising of general goods and food products, both locally and internationally; processing and distribution of food products; and the operation of a chain of supermarkets.
- *Banking and Investment* – Commercial banking; stock brokerage; corporate finance; advisory services; and lease financing.
- *Insurance* – General insurance, health insurance, creditor life insurance and insurance brokerage.
- *Money Services* – Operation of money transfer services; cambio operations and bill payment services.

#### 2. Revenues

Revenues for the Group can be disaggregated as follows:

	2022	2021
	\$'000	\$'000
Timing of revenue recognition from contracts with customers		
Goods and services transferred at a point in time	96,152,544	85,367,415
Services transferred over time	94,431	86,911
Revenue from insurance contracts	7,738,709	6,901,640
Interest revenue	3,449,913	3,420,263
	<u>107,435,597</u>	<u>95,776,229</u>

### 3. Cash Flows from Operating Activities

Reconciliation of net profit to cash generated from operating activities:

	9/30/2022 \$'000	9/30/2021 \$'000
Net profit	5,647,717	6,234,267
Items not affecting cash:		
Depreciation	2,177,041	2,088,141
Amortisation	561,942	470,315
Change in value of investments	(315,250)	(51,432)
Gain on disposal of fixed assets	(16,052)	(12)
Gain on disposal of investments	(46,586)	(31,783)
Share-based payments	322,208	174,924
Exchange loss/(gain) on foreign balances	112,456	(373,509)
Interest income – non financial services	(423,927)	(433,576)
Interest income – financial services	(3,842,531)	(3,694,862)
Interest expense – non financial services	919,266	858,262
Interest expense – financial services	873,627	551,442
Taxation expense	2,088,882	2,305,826
Unremitted equity income in associates and joint ventures	(421,368)	(181,095)
Pension plan surplus	269,959	196,171
Other post-employment obligations	507,462	482,460
	8,414,846	8,595,539
Changes in working capital components:		
Inventories	(850,634)	(783,073)
Receivables	(3,426,323)	(5,299,224)
Loans receivable, net	(2,433,529)	(1,427,635)
Payables	(8,018)	5,478,154
Deposits	1,802,028	1,735,891
Securities sold under repurchase agreements	(1,733,429)	2,015,086
Provisions	972	2,834
	1,765,913	10,317,572
Interest received – financial services	3,755,874	3,632,463
Interest paid – financial services	(943,587)	(507,192)
Translation (losses)/gains	(790,029)	196,974
Taxation paid	(1,956,856)	(2,749,385)
<b>Net cash provided by operating activities</b>	<b>1,831,315</b>	<b>10,890,432</b>

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank and other loans, excluding bank overdrafts

	9/30/2022 \$'000	9/30/2021 \$'000
At beginning of year	25,863,018	24,222,390
Lease liability to acquire right-of-use asset	290,953	615,047
Loans received	8,616,936	14,198,929
Loans repaid	(7,933,209)	(13,807,513)
Foreign exchange adjustments	(447,219)	175,809
<b>Net interest movements</b>	<b>(2,615)</b>	<b>56,234</b>
At end of period	26,387,864	25,460,896

#### 4. Acquisition of additional shares in an associated company

On 12 January 2022, the Group acquired an additional 10% of the share capital of Barbadian company, CSGK Finance Holdings Limited, for a purchase consideration of \$401 million. The company, which operates through its wholly owned subsidiary SigniaGlobe Financial Group Inc., engages in lending, motor vehicle leasing and the acceptance of deposits, and is also an authorised foreign exchange dealer and licensed stock broker. The share purchase brings the Group's total shareholdings in the company to 50%, having previously held 40% of the share capital since 2003.

#### 5. Impact of Covid-19 and Russia/Ukraine Conflict

##### Covid-19

As a result of the Covid-19 pandemic, the Group continues to be exposed to an elevated level of credit risk, liquidity risk, market risk, and price risk, with the most significant exposures relating to credit and price risk. The Group has also experienced an elevated level of supply chain risk during the period.

The nature and extent of the impact on the Group's financial position, results and cash flows continues to evolve at a moderate pace of change and the level of uncertainty with the evolution of new variants.

The Group continues to actively monitor and manage the identified risks through its Executive Management and Covid-19 Committees. In response to the specific financial risks identified, the Group has employed several measures, including robust monitoring of the loans receivable portfolio, managing investment portfolio positions, maintaining adequate safety stock levels and establishing alternative supplier relationships.

##### Russia/Ukraine Conflict

In February 2022, Russian troops invaded Ukraine. The ongoing military attack has led and continues to lead to significant casualties, damage to infrastructure and disruption to economic activities in Ukraine. Additionally multiple jurisdictions have imposed economic sanctions on Russia as well as voluntary curtailment of business activities with Russian entities. The war in Ukraine and related events are likely to exacerbate the effects of current market conditions, increasing inflationary pressures and weakening the global post-pandemic recovery.

Although currently, the Group has no material direct exposure to the Russia-Ukraine war, we continue to actively monitor and evaluate the potential macroeconomic impact on our business with a focus on implementing strategies and controls to mitigate the headwinds caused by the conflict.

#### 6. Business Combination

On 13 May 2022, the Group acquired 60% of the share capital of Bluedot (2022) Limited (the company), for a purchase consideration of \$132,862,000. The company, which is domiciled in Jamaica, is a full-service research and data intelligence consultancy, which uses data collection and analytics to inform business insights and decision-making. Bluedot currently has clients in Jamaica and the wider Caribbean region.

The following table summarises the net cash outflow on acquisition:

	<b>9/30/2022</b>
	<b>\$'000</b>
Purchase consideration settled in cash	(132,862)
Cash and cash equivalents in business acquired	46,892
Cash outflow on acquisition	(85,970)

The fair value of the net assets acquired is currently under assessment.