

REPORT TO OUR STOCKHOLDERS

For the year ended December 31, 2022, GraceKennedy Limited (GK) recorded strong top-line growth, realising revenue of J\$142.9 billion, an increase of 10.5% or J\$13.6 billion over the corresponding period in 2021. Operating profit across the business segments for the twelve-month period had mixed results, with overall profit before other income of J\$6.5 billion, a J\$0.8 billion or 11.0% decline compared to prior year. Profit before tax (PBT) was J\$10.2 billion, 12.5% or J\$1.5 billion lower than the corresponding period for 2021, while net profit after tax was J\$7.6 billion, a decline of J\$1.3 billion or 15.1% when compared to prior year. Net profit attributable to stockholders was J\$7.0 billion, 14.2% or J\$1.2 billion lower than the corresponding period of 2021. Earnings per stock unit for the period was J\$7.09 (2021: J\$8.27).

As reported previously, GK recorded non-recurring gains of J\$895 million in 2021. In 2022, GK recorded a gain of J\$170.5 million on the sale of its shares in Pelican Power Limited, which provides electricity to the University of the West Indies Mona. Excluding these non-recurring gains, the decline in net profit for 2022 compared to 2021 would have been 7.7%.

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

	12 months to 12/31/2022 J\$'000	12 months to 12/31/2021 J\$'000	Change J\$'000	Change %
Net Profit After Tax, as reported	7,594,392	8,940,309	-1,345,917	-15.1%
Non-recurring gains	-170,527	-894,978	724,451	-80.9%
Net Profit After Tax, excluding non-recurring gains	7,423,865	8,045,331	-621,466	-7.7%

By virtue of our global operations, GK is a net earner of foreign exchange. The movement of currencies in our main operating markets around the world negatively affected our Company's performance in 2022. The year was also characterised by rising inflation, an inconsistent supply chain, increasing interest rates and distribution costs, and global geopolitical tensions and conflicts. These challenges led to margins being compressed, which also negatively impacted our performance. High global inflation also limited the disposable income of remittance customers in our sending markets in 2022, leading to reduced foreign currency inflows to Jamaica, which adversely affected the performance of our remittance business.

Whilst we have seen some improvement in the global macroeconomic environment since the start of the new year, challenges remain. We are, however, optimistic that our strategic approach to managing these headwinds will produce positive results and improved stockholder value in 2023.

Performance of Business Segments

Food

GK's food business recorded strong overall growth in revenue and an increase in PBT in 2022 when compared to the corresponding period of 2021.

Our Jamaican food distribution business achieved double digit growth in both revenue and PBT when compared with prior year. World Brands Services, which celebrated its 20th anniversary in 2022, was an exceptional performer,

earning double-digit growth in both revenue and PBT. Consumer Brands Limited (CBL) also had strong results, posting double-digit growth in revenue and PBT.

GK's chain of supermarkets in Jamaica, Hi-Lo Food Stores, had a successful year, showing growth in revenue and PBT. In October 2022 Hi-Lo opened its new supermarket in Negril, representing an investment of J\$400 million. The store has exceeded expectations to date. Our Hi-Lo e-commerce platform (www.hilofoodstoresja.com) continues to be an additional touchpoint for our customers' convenience.

GK's Food Manufacturing Division ended 2022 with a double digit increase in revenue compared to prior year. PBT was impacted by global supply chain challenges and increased packaging costs. Dairy Industries Jamaica Limited (DIJL) remained a consistent performer, growing both revenue and PBT. Grace Food Processors (GFP) (Meats) was also a strong performer and achieved record production of vienna sausages in response to high demand. Grace Agro Processors Denbigh achieved record production of canned ackees, doubling its 2021 volumes. The merger of the National Processors and GFP Canning manufacturing facilities into NALCAN was completed by year-end.

Our international food business grew revenue in 2022 compared to prior year; however, it continued to be impacted by inflated distribution costs and supply chain challenges. GraceKennedy Foods (USA) LLC recorded strong revenue growth; however, PBT declined due to higher than anticipated demurrage costs early in the year. Grace Foods UK Limited performed well in their home currency, British pound sterling (GBP), recording revenue and PBT growth; however, this performance was muted when the company's results were converted to Jamaican dollars (JMD), due to the significant devaluation of GBP against JMD. Grace Foods Canada Inc. reported revenue above prior year but PBT was negatively impacted by high freight costs and supply chain challenges. Grace Foods Latin America and the Caribbean (GK LACA) performed well, reporting an increase in both revenue and PBT.

Financial Services

The GraceKennedy Financial Group (GKFG) delivered a mixed performance in 2022, recording top-line growth year over year but a decline in PBT when compared with prior year.

GK's investment and advisory arm, GK Capital Management Limited, continued building its brand as 'the' IPO broker for the Jamaica Stock Exchange (JSE), successfully executed three IPOs which accounted for 50% of all IPOs completed on the JSE during the year.

GK's commercial bank in Jamaica First Global Bank Limited, delivered creditable financial performance showing growth in key areas including net loans, deposits, and revenue. SigniaGlobe Financial Group Inc., GK's jointly owned merchant banking business in Barbados, closed the year strong with a notable increase in revenues and PBT.

GK's Insurance segment recorded growth in revenue, however profits declined due mainly to higher than anticipated claims costs related to inflation. GK Life Insurance Eastern Caribbean Limited recorded its first full year as a GKFG subsidiary, with a strong contribution to its performance. First year premium revenue and profitability were strong, and its claims loss ratio continues to be favourable. GK General Insurance Company Limited delivered a solid performance in 2022 with double digit growth in both revenue and PBT. Key Insurance Company Limited (Key) exceeded prior year revenue, however the company's underwriting performance was negatively impacted by higher claims, as well as a non-recurring benefit which occurred in 2021 when the company made adjustments to its reinsurance programme. Canopy Insurance Limited closed the year recording double digit revenue growth over 2021. Notwithstanding the improved revenue, Canopy's performance was adversely affected by increased claims costs.

GraceKennedy Money Services (GKMS) had a challenging 2022. In addition to the increasingly competitive global remittance environment, fears of a global recession and rising interest rates impacted the performance of the business. GKMS ended the year with overall revenue and pre-tax profit below prior year. GKMS' currency trading

services business *FX-Trader* and bill payment business *Bill Express* ended 2022 with increased revenue and pre-tax profits.

Digital Transformation

Our GK One Mobile App was officially launched in Jamaica in November 2022. Customers can use the app to receive remittances, apply for an FGB credit card, pay bills, shop on the Hi-Lo e-commerce site, track their GK Value Rewards points and access exclusive promotional offers. The prepaid Visa card associated with the app can be used anywhere Visa cards are accepted and at over 700 ABMs across Jamaica. Over J\$100 million in remittances were paid through the app by the end of January 2023.

Mergers & Acquisitions

In 2022, we commenced negotiations to increase our stake in Catherine's Peak Bottling Company Limited, the owner of the Catherine's Peak pure spring water brand. In February 2023 the acquisition was completed, and GK's stake in Catherine's Peak Bottling Company Limited moved from 35% to 70%, placing our Company in a stronger strategic position within the Jamaican spring water market.

GK is also awaiting the necessary regulatory approvals to complete our acquisition of 100% of Scotia Insurance Caribbean Limited (SICL), which was announced in August 2022. Once this acquisition is complete, GK will offer creditor life insurance in 13 Caribbean markets.

Environmental, Social & Governance

In 2022, GK began developing an Environmental, Social and Governance (ESG) framework for our business. ESG considers how our company is governed and identifies opportunities which make our business more robust, whilst we contribute to the creation of a more sustainable future. ESG is a logical evolution for our well-established corporate governance programme, as we work towards achieving our **2030 Vision** and establishing GK as a pioneer for ESG in the Caribbean.

In 2022 GK published our ESG statement (www.gracekennedy.com/corporate/code/environmental-social-governance/) and included a summary of our 2021 ESG performance in our annual report. GK also engaged Nasdaq ESG Advisory to support the development of our ESG Roadmap. GK's first ESG report will be published in late 2023.

We Care

In celebration of our 100th anniversary in 2022, GK reaffirmed our commitment to our *We Care* ethos by delivering 100 corporate social responsibility (CSR) initiatives, or *Acts of Grace*. *100 Acts of Grace* saw our subsidiaries and foundations delivering 106 CSR activities throughout the year, including cash and in-kind donations, scholarships, bursaries, tree planting projects and beach cleanups. The *Acts of Grace* were valued at a total of J\$187 million and represented over 2,000 volunteer hours from the GK team, demonstrating the importance of GK's *We Care* ethos in our Group. Details of each *Act of Grace* can be found at: www.gracekennedy.com/acts-of-grace

On February 16, 2023, founding member and former Chairman of GKF, Peter Moss-Solomon passed away. Mr Moss-Solomon was a longstanding Director of GK and served as an employee of GK for 40 years, until his retirement from his post as GK's Finance Director in 1998. He epitomized the core values of GraceKennedy, Honesty, Integrity, and Trust, and our ethos – *We Care* – and will be deeply missed.

Recognition & Awards

In 2022 GK's food businesses received several awards:

- At the *2022 Bureau of Standards Jamaica (BSJ) National Quality Awards* Hi-Lo Liguanea received the award for *Process Management* and Hi-Lo Cross Roads received the award for *Customer Focus*; DIJL received the award for *Manufacturing* and a sectional award for *HR Focus*; and GFP (Meats) received the *National Quality Segment Award for Process Control*.

- CBL was awarded *Best Distributor of Caribbean* by Procter & Gamble
- GF LACA was awarded the *Jamaica Manufacturers and Exporters Association Governor General's Award for Exporter of the Year*.

For the second consecutive year, GK was the proud recipient of the *Governor General's Award for Excellence* at the *Jamaica Stock Exchange (JSE) Best Practices Awards*. The prestigious award honours the listed company which consistently upholds international best practices to be declared the overall winner of the annual awards. GK was also declared winner of the PSOJ/JSE Corporate Governance Award and Annual Report Award for companies listed on the JSE Main Market; and was the first runner up and second runner up respectively in the Corporate Disclosure & Investor Relations and Website categories.

We are proud of these accomplishments, and in receiving these awards recognize the hard work and dedication of our GK team.

GK100

February 14, 2022, marked the 100th anniversary of GraceKennedy (GK100). Several activities were executed to celebrate the milestone, which was held under the theme *Our Story is Your Story. Celebrating the past. Shaping the future*. Major events included a launch at the annual GK Business Conference in January 2022, where a special GK100 share offer for GK staff was announced; a Service of Thanksgiving and virtual Cake Cutting in February 2022; a special showing at the 2022 ISSA GraceKennedy Boys' and Girls' Athletic Championships in April 2022 and the Jamaica 60 Diaspora Conference in June 2022; the GK Foundation annual lecture, *A Century of Excellence. GraceKennedy's Recipe for Success*, in October 2022; and a groupwide staff party and our annual retirees' luncheon in December 2022. Throughout the year GK100 branding was also included on GK products.

On the heels of our centenary, GK's amazing team has started 2023 working assiduously, as always, to implement our strategy and deliver our products and services at the highest standard. We have laid a solid foundation for GK to become a global consumer group and we are committed to achieving our **2030 Vision** and improving the lives of everyone we interact with, remaining guided by our core values – *Honesty, Integrity and Trust*, and our *We Care* ethos. Our theme for 2023 is *Building a bright future together through great people. Our story continues*. We remain eternally grateful for our team, customers, business partners, shareholders, and the communities we serve, who have made GraceKennedy one of the most loved Caribbean brands in the world.



Gordon V. Shirley, OJ
Chairman



Don G. Wehby, CD
Group Chief Executive Officer

March 1, 2023