



## REPORT TO OUR STOCKHOLDERS

GraceKennedy Limited (GK) is pleased to present our financial results for the year ended December 31, 2021.

For the period under review, GK realized revenues totalling J\$129.3 billion, an increase of 12% over its 2020 revenues, which stood at J\$115.4 billion. Profit before other income increased by J\$492.1 million to J\$7.3 billion, a 7.2% increase over 2020, while profit before tax (PBT) for 2021 was J\$11.7 billion, a notable increase of 20.3% or J\$2.0 billion when compared to 2020. Profit after tax totalled J\$8.9 billion, compared to J\$6.8 billion in 2020, an increase of J\$2.1 billion or 30.4%.

### Financial Highlights include:

- Net profit attributable to the stockholders of the Company was J\$8.2 billion for 2021, compared to J\$6.2 billion in 2020, a J\$2.0 billion increase.
- Earnings per share was J\$8.27 in 2021 compared to J\$6.28 in 2020, a 31.7% increase.
- Total assets grew by 16.4% or J\$28.1 billion, from J\$171.7 billion in 2020 to J\$199.8 billion in 2021.
- Dividends totalling J\$1.9 billion or J\$1.93 per share were paid in 2021, compared to J\$1.6 billion or J\$1.60 per share in 2020, representing an increase of 21%.

This creditable financial performance reflects the GK team's commitment to delivering products and services at the highest standard whilst they work to achieve the Group's strategic objectives. It is also testament to the continued loyalty of our customers and clients, notwithstanding the many issues still being faced globally due to the COVID-19 pandemic.

In 2021, GK continued to execute our Mergers and Acquisitions (M&A) strategy, adding a new brand and a regional entity to our Group's portfolio. We also sustained our focus on supply chain management, remaining agile and diversified in the face of continuing global supply challenges. Effective inventory management and the provision of new delivery channels and innovative solutions for our customers were also key areas of focus, whilst risk management and regulatory compliance continued to be competitive advantages, fundamental to the success of our business.

In keeping with GK's *We Care* mantra and in the face of difficulties associated with COVID-19, corporate social responsibility remained a priority for our Group in 2021. We increased our support of the communities we serve around the world through donations of care packages, and also took steps to bridge the technological divide in Jamaica by donating computers to students and teachers to enable online learning. In accordance with GK's commitment to provide a safe working environment for our team members and other stakeholders, a groupwide COVID-19 vaccination campaign was launched in the third quarter of 2021. In Jamaica, the Company hosted several vaccination blitzes, including two at our offices on Harbour Street in Kingston, which saw over 1,330 team members, their families and friends, and residents from the surrounding communities being vaccinated against COVID-19.

## Performance of Business Segments

### Foods

GK's Foods business performed well during the period under review, recording double digit growth in revenue and profitability in 2021 when compared to 2020.

GK Foods (USA) LLC reported an improved performance over the exceptional returns it recorded in 2020. This outcome was achieved notwithstanding supply chain challenges and labour shortages in the US market. The Grace brand continued to report significant growth in the US, evidenced by the strong performances of *Tropical Rhythms* beverages, *Grace Ackees*, *Grace Jerk Seasoning*, and *Grace Coconut Water*. The success of new products, such as *Grace Peanut Punch* and *Grace Vegetable Patties*, and new channel growth through Instacart, aided the positive movement of top-line and bottom-line performance year over year. A one-off gain associated with a Paycheck Protection Program loan that was converted to a grant by the US Government was also recorded.

Although still grappling with the ramifications of BREXIT, exponential increases in freight charges and labour shortages, Grace Foods UK Limited continued to deliver excellent results, with revenue and PBT reporting significant growth. This was partially attributable to the re-opening of the Food Services sector in the UK in the second half of 2021. *Nurishment*, one of our key products in the UK, continued to show promise, recording double-digit growth over prior year.

Grace Foods Canada Inc. also recorded revenue and PBT growth over prior year. The company continued to strengthen its relationship with retail chains and independent businesses to promote key products. New products launched in the Canadian market in 2021 exceeded expectations, surpassing budgeted revenue by 33%. These included *Grace Patties*, *Grace Jerk Wings* and *Grace Canned Jackfruit*.

GK Belize produced commendable results reporting double digit growth in revenues and PBT over prior year. The company saw growth in Grace brands, particularly coconut milk and corned beef.

Our Jamaican food distribution business also had an excellent year evidenced by strong revenue and PBT growth attributable to the strong performance of key Grace branded products such as corned beef, Vienna sausages, frankfurters, sardines, and *Tropical Rhythms* beverages. The *Caribbean Choice* line also continued to perform well.

World Brands Services (WBS) also recorded strong performance, realising double digit growth in revenue and triple digit growth in PBT, bolstered by the onboarding of new customers and the increased popularity of *876 Spring Water*.

GK's chain of Jamaican supermarkets, Hi-Lo Food Stores (Hi-Lo), recorded triple digit PBT growth, with locations in western parishes seeing a double digit increase in revenue compared to prior year. The relocation of the Hi-Lo Negril store to Norman Manley Boulevard was delayed due to logistical challenges associated with the pandemic but is on track to be completed by the end of the second quarter of 2022. Curb side and home delivery services continued to resonate with customers and receive positive reviews. These offerings have been enhanced by the launch of Hi-Lo's e-commerce platform, *Hi-Lo Online*.

GK's Manufacturing Division also saw increases in revenue and PBT in 2021, with all factories reporting revenue growth over prior year. Manufacturing continued to be impacted by high inflation in the price of raw materials and supply chain delays, which affected production and PBT at some factories. Grace Food Processors Canning (Canning) successfully brokered an agreement to produce *Capri-Sun* beverages for the Bolivian market, reflecting a successful outcome of its focus on establishing strategic partnerships. The merger of two of our factories in Jamaica, National Processors (Nalpro) and Canning, into NALCAN, which began in February 2021, is targeted to be completed in 2022. This merger is anticipated to contribute to continued improvements in the Manufacturing Division's financial performance.



### *Financial Services*

The GraceKennedy Financial Group (GKFG) reported growth in both revenues and PBT for 2021 when compared to 2020.

Notwithstanding the increasingly competitive remittance environment globally, GK's Money Services segment ended the year with revenue and pre-tax profit exceeding prior year. GraceKennedy Money Services (GKMS) maintained its focus on providing innovative solutions to meet customers' needs. Following its launch in Jamaica in 2020, the GKMS Electronic Registration service was rolled out in Guyana and Trinidad in the second quarter of 2021. All of GKMS' main markets now allow customers to register for digital remittance services and receive funds directly to their bank accounts. As a result, GKMS saw an over 80% increase in Direct to Bank (D2B) transactions over prior year.

GK's Jamaican commercial bank, First Global Bank Limited (FGB) delivered a positive financial performance. Growth was achieved in all key areas when compared to 2020. Notably, improvements were realised in revenue, PBT, net loans and deposits. In 2021, FGB launched several new products focused on the SME segment and invested in the successful upgrade and relaunch of its online banking platform, *Global Access Plus*.

GK Capital Management Limited (GK Capital) grew both revenues and profits when compared with prior year. GK Capital was also the proud recipient of the 2020 Jamaica Stock Exchange (JSE) Best Practices Award for Investor Relations, a testament to the excellent customer service being provided by their team.

GK General Insurance Company Limited (GKGI) reported strong growth in revenue through the strengthening of key partnerships with its commercial and personal lines brokers. GKGI launched two new products in 2021: *GKI Family Motor Insurance* and *GK Weather Protect*. In keeping with a commitment to increase GKGI's digital footprint, improvements to its online platforms continued which resulted in a notable increase in revenue from digital touch points.

Key Insurance Limited (Key) reported excellent financial results for the period under review, showing noteworthy growth in both revenue and PBT. In 2021, Key launched its web portal, allowing its customers online access to their policies. Two new products were launched during the year, *KeyBiz Protect*, an insurance solution for small business owners, and *PPV Protect*, a specialized motor insurance policy for public passenger vehicles.

Canopy Insurance Limited (Canopy), our health and life insurance joint venture with the Musson Group, closed the year having recorded strong growth in revenue over prior year. Increases in Canopy's Group Health business was the main contributor to its top-line performance. Canopy experienced high claim levels during the year which affected profitability and has implemented strategies to improve performance going forward.

Allied Insurance Brokers Limited (AIB) launched its health and wellness *AIB Flex Programme* in February 2021, which provides clients with discounted services and other benefits from various partners. AIB also continued its focus on improving customer relationships and achieved a 97% client retention rate for the year.

At the division level, GKFG's unified branding campaign was launched in the second quarter of 2021. The campaign harnesses synergies among GKFG companies and leverages the strength of the GK brand. The expansion of the *GK ONE* network also continued in 2021, with the addition of six new retail outlets across Jamaica.

### **Mergers & Acquisitions**

M&A remained a key strategic pillar of GK's business in 2021 with the Group's M&A Unit successfully closing two acquisitions in the period under review.

GKFG successfully completed the acquisition of Scotia Insurance Eastern Caribbean Limited (SIECL) in the third quarter. The company was renamed GK Life Insurance Eastern Caribbean Limited (GK Life) and continues to offer credit protection on personal loans, residential mortgages, personal lines of credit, and personal and small business

credit cards in Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

In April 2021, the *876 Spring Water* brand was acquired. *876 Spring Water* continues to be distributed by WBS, further strengthening our position in the spring water market.

### Digital Transformation

A major highlight of our digital transformation journey in 2021 was the launch of our Hi-Lo e-commerce platform, *Hi-Lo Online*. The new *Hi-Lo Online* mobile app is available on Google Play and the iOS App Store, and the web-based online shopping solution can be accessed via [www.hilofoodstoresja.com](http://www.hilofoodstoresja.com). *Hi-Lo Online* allows customers to purchase groceries wherever they are in the world and pay online using a debit or credit card. Shoppers can opt to collect their order in store or curbside, or have it delivered to their doorstep in Jamaica from one of six Hi-Lo locations.

Development of the *GK ONE* mobile app was completed in 2021 and is slated to be launched publicly in the first quarter of 2022. The app will complement the *GK ONE* network by offering customers digital access to several GKFG services in one virtual space.

### We Care

Throughout 2021, GK remained focused on improving the lives of people in the communities we serve around the world. This was demonstrated through the numerous corporate social responsibility activities carried out by our companies and two Foundations.

GKGI celebrated its 40<sup>th</sup> anniversary in September through corporate social responsibility activities, including a kitchenette renovation project at the Jamaica Constabulary Force's Canine Division, and the donation of handwashing stations to ten early childhood institutions. GK companies also donated over J\$13 million towards the purchase and shipping of supplies to residents of St Vincent following several massive eruptions of the island's La Soufrière volcano in April 2021.

The GraceKennedy Foundation (GKF) continued its work to improve food security in 2021 through its GK Campus Connect Food Bank. The Food Bank serves over 100 tertiary students per month across three campuses in Jamaica: The University of the West Indies, University of Technology, Jamaica and The Edna Manley College for the Visual and Performing Arts. In 2021 GKF also began its landmark pilot project with the Dutch non-profit environmental organisation The Ocean Cleanup to install Interceptor Barriers at the mouths of three Kingston gullies to prevent solid waste from entering the Kingston Harbour, which is the seventh largest natural harbour in the world. Debris will be removed from the Interceptor Barriers by The Ocean Cleanup's Interceptor Tender, a small self-propelled barge, and transported to an offloading site for sorting and proper disposal.

In 2021 our Grace & Staff Community Development Foundation (Grace & Staff) provided scholarships for over 1,000 Jamaican students and continued to operate homework centres and youth development programmes in underserved Jamaican communities. During the 2021 Christmas holidays Grace & Staff distributed 910 care packages to vulnerable groups in six communities adjacent to GK's operations. Grace & Staff's Counselling Psychologist also held 854 counselling sessions to support the mental health of residents.

On January 4, 2022, Chairman of Grace & Staff, James 'Jimmy' Moss-Solomon, passed away suddenly. Mr Moss-Solomon was also a retired Director and member of one of the founding families of GK, and the entire GK Family continues to mourn this immense loss. His legacy will live on through the work of our Foundations, which he was so passionate about.



In December 2021, GraceKennedy Limited received several honours at the JSE Best Practices Awards for 2020. These included the prestigious Governor General's Award for Excellence which honours the listed company which has consistently upheld international best practices. In the JSE Main Market Best Practices Awards, GK was announced joint winner of the PSOJ Corporate Governance Award and the overall winner in the Annual Report and Best Website categories, and first runner up in the Corporate Disclosure and Investor Relations category. The increase in the number of awards received by GK over the previous year underscores the dedication of our team members and the Group's commitment to consistently performing at the highest standard. We are grateful to the JSE for this recognition.

2021 was GK's 99th year in operation and in the face of a global pandemic we continued to stand **Stronger Together** and remained committed to showing how much **We Care**. 2022 is a very special year for us as we celebrate our 100<sup>th</sup> anniversary. This is an extraordinary accomplishment and a monumental milestone for our Company, and Jamaicans around the world: **Our Story Is Your Story**. We remain steadfast in embodying our core principles of Honesty, Integrity and Trust as we **celebrate the past** and look forward to helping to **shape the future** of our business and the communities we serve in the decades to come.



Gordon V. Shirley, O.J.  
Chairman



Donald G. Wehby, C.D.  
Group Chief Executive Officer

March 1, 2022