



INTERIM REPORT

**(SIX MONTHS)
30 JUNE 2022**



INTERIM REPORT TO OUR STOCKHOLDERS

GraceKennedy Limited (GK) is pleased to report its financial results for the six months ended June 30, 2022. During the first half of 2022, GK achieved revenues of J\$72.59 billion, representing an increase of 14.6% or J\$9.24 billion over the corresponding period in 2021. Profit before tax (PBT) was J\$5.46 billion or \$12.6 million higher than the corresponding period in 2021. Net profit attributable to stockholders was J\$3.70 billion, \$111.6 million higher than the corresponding period in 2021. Earnings per stock unit for the period was J\$3.73 (2021: J\$3.62).

GK remains cautiously optimistic as we continue to manage the business through the challenges presented by high inflation globally, sustained supply chain issues, increasing interest rates, and foreign currency volatility. Notwithstanding the difficult economic climate, revenue and profit are ahead of our half-year target, and our team remains unwavering in their commitment to GK and focused on the execution of our strategic initiatives.

Performance of Business Segments

Foods

GK's food business recorded an overall growth in revenues when compared to the corresponding period of 2021. PBT recorded an increase, however there were mixed results across the segment, reflecting the dynamic nature of the current economic environment within which we operate. Challenges included higher distribution costs, resulting in compressed margins.

Our Jamaican food distribution business continues to do well and recorded healthy growth in both revenues and pre-tax profits. Our next generation product portfolio, which includes *Grace Sardines*, *Grace Tuna*, *Grace Mighty Malt* and *Grace Aloe*, displayed growth over the corresponding period last year. Key products such as vienna sausages, frankfurters, and the *Tastee Cheese* and *Tropical Rhythms* lines reported strong growth over 2021.

World Brands Services (WBS) recorded a strong performance, with increases in both revenues and PBT over the corresponding period in 2021. This was driven by the growth of signature brands such as *Frito-Lay*, *Capri Sun*, *Lucozade*, and *Mars*. Consumer Brands Limited (CBL) also reported significantly increased revenues and PBT. Both WBS and CBL continue to prioritize the expansion of their distribution points and have renewed customer engagement through in-store promotions.

GK's chain of supermarkets in Jamaica, Hi-Lo Food Stores, remains focused on improving service levels and customer satisfaction. Strong growth in revenues and PBT were recorded during the period and Hi-Lo's e-commerce platform continues to receive positive feedback from our customers.

GK's Manufacturing Division achieved growth in revenues and PBT compared to the corresponding period last year, due to solid performances by Grace Agro-Processors (Hounslow), Dairy Industries Jamaica Limited (DIJL) and Grace Food Processors (Meats). The merger of two of our factories in Jamaica, National Processors (Nalpro) and Grace Food Processors (Canning), into NALCAN, is on track to be completed in 2022 and will bring greater efficiency to our manufacturing operations in Jamaica.

Our international food business recorded improvement in revenue over prior year; however, record inflation in all territories, as well as elevated distribution costs resulted in mixed performance results.

GraceKennedy Foods (USA) LLC (GK Foods USA) delivered good revenue growth over prior year. PBT was impacted by high demurrage and storage costs, for which corrective measures have been put in place. Cost saving and margin management initiatives continue to be implemented to help mitigate these conditions.

Grace Foods UK Limited reported a commendable performance, achieving growth in both revenues and PBT. The company remains challenged by high commodity prices and the high cost of trading in Europe due to BREXIT. Notwithstanding, the food service side of the business has rebounded with significant improvements in both revenue and profitability compared to the prior year period.

Grace Foods Canada Inc. closed the second quarter of 2022 with revenues exceeding prior year; however, record inflation in the Canadian market and supply chain challenges affected margins and impacted PBT. Key products including *Grace Corned Beef*, *Grace Mackerel* and *Grace Canned Peas* remained popular, which helped to drive top line growth.

Grace Foods Latin America and the Caribbean (GF LACA) reported positive half year numbers with growth in both revenues and PBT being attributed to the strength of the Grace brand across the region. GF LACA was successful in negotiating the listing of *Grace Sardines* and *Grace Coconut Milk* in PriceSmart Barbados, and launched *Grace Coconut Milk* regionally, and *Grace Coffee* in Guyana.

Financial Services

The GraceKennedy Financial Group (GKFG) reported a positive performance for the period, as we continue to expand our regional footprint.

Our Banking and Investments segment yielded positive results, led by GK Capital Management Limited (GK Capital), the investment and advisory arm of GKFG. GK Capital sustained its growth momentum into the second quarter of 2022, with revenues growing significantly compared to the same period last year. This positive performance was largely buoyed by the two successful initial public offerings of Spur Tree Spices Jamaica Limited and Jamaica Fibreglass Products Limited and GK Capital's increased non-interest revenue streams. GK Capital has signed an agreement with the largest operator and manager of mutual funds in the Caribbean, the Trinidad and Tobago Unit Trust Corporation (TTUTC). The new venture, which remains subject to the requisite regulatory approvals, will allow GK Capital and TTUTC to partner in the distribution of mutual funds in Jamaica.

First Global Bank (FGB), GK's commercial bank in Jamaica, continues to achieve growth in its loans and deposits portfolios when compared to the prior year. FGB's revenues increased over the same period last year and PBT recorded growth. For the remainder of 2022, FGB will continue to focus on implementing its digital strategy, including online credit card applications and other digital alternatives to in-branch transactions.

SigniaGlobe Financial Group Inc., GK's jointly owned merchant banking business in Barbados, continues to show significant growth in retail loan and non-interest income revenue over the corresponding period of 2021. As a result, profitability over the period has doubled when compared to prior year.

GraceKennedy Money Services (GKMS) reported a decline in revenue and PBT for the period, primarily attributed to lower remittance flows and the volatility of the Jamaican dollar against the US dollar. The Bank of Jamaica has

reported a decline in remittance inflows since the start of the year, and we have put strategies in place to address this which are focused on marketing, pricing, agents, compliance, and our customers. *Bill Express* and *FX Trader* continue to perform well, and recorded growth in both revenues and PBT. GKMS remains focused on improving and expanding its digital channels and service levels.

GK's Insurance segment continues to benefit from our recent acquisitions and recorded double digit growth. GKFG's most recent acquisition, GK Life Insurance Eastern Caribbean Limited continues to implement its strategy to maximize the performance of its portfolio while establishing itself as a major pan-Caribbean insurer. Key Insurance Company Limited continued to produce positive results, recording growth in revenues and PBT during the first half of 2022. Canopy Insurance Limited generated revenue growth over prior year in all business segments and remains focused on revenue diversification and the pursuit of strategic partnerships. The company remains challenged from a profitability perspective, driven primarily by medical inflation. Allied Insurance Brokers Limited is focused on strengthening and growing client relationships and leveraging partnerships. GK General Insurance Company Limited (GKGI) outperformed its prior year revenues due to growth in its core business portfolios. An initiative which was implemented in the first quarter of 2022 to optimize GKGI's structure and internal processes, as well as keen partner relationship management, have improved efficiency and service delivery and remain key to the company's growth strategy.

Digital Transformation

The *GK One* mobile app was released in the Google Play and Apple App stores in March with the Bill Payment feature enabled. Customers can now also receive a Western Union remittance via the app, directly to their mobile wallet. The Visa prepaid card associated with the app has been dubbed the "*Shelly*" card as it features an image of our outstanding Jamaican sprinter and GK Ambassador Shelly-Ann Fraser-Pryce. Customers have expressed excitement upon receiving their "*Shelly*" card and are responding positively to the ease of use of the *GK One* app and card. Additional money services are on target to be rolled out via the app in the coming months.

Mergers & Acquisitions

GK continues to advance its Mergers & Acquisitions (M&A) strategy. Following the acquisition of Bluedot in the second quarter of 2022, the M&A Unit continues to hold discussions regarding M&A transactions locally and internationally, as we move towards achievement of our 2030 objectives.

GK100

GK100 continued to be prominently featured at events, in campaigns and customer engagement activities during the second quarter of 2022. Following a special celebration at the 2022 ISSA/GraceKennedy Boys' and Girls' Champs in April, our 100th anniversary also featured prominently during the Jamaica 60 Diaspora Conference in June. Since 2004, GK has been a legacy partner of the Diaspora Conference, which is convened by Jamaica's Ministry of Foreign Affairs and Foreign Trade. On the evening of the first day of the Conference this year, the GK team hosted in-person and virtual participants to a mini-concert, which featured performances by Jamaican reggae artistes Tony Rebel and Ding Dong, and highlighted GK100.

We Care

In April, GK published our Environmental, Social and Governance (ESG) statement which speaks to our commitment to adhere to the highest ethical standards; provide a safe, diverse, and respectful workplace; promote responsible products and services; be stewards of the natural environment; and enable inclusive and vibrant communities. A report on our ESG activities was included in our 2021 Annual Report and we have begun the build-out of a monitoring framework for ESG across our Group.

GK continues to support the communities within which we operate through corporate social responsibility initiatives led by our two Foundations. Following a two-year hiatus due to the COVID-19 pandemic, the GraceKennedy Foundation (GKF) resumed the GK Birthright Programme in 2022. Four university students of Jamaican descent from the USA, UK and Canada were hosted in Jamaica by GKF for a five-week professional and cultural immersion experience in June and July. The programme is designed to anchor the students' roots in Jamaica's rich heritage and culture. GKF continues to deliver the Kingston Harbour Cleanup Project in partnership with the international non-profit, The Ocean Cleanup, Clean Harbours Jamaica Limited and Jamaican private and public sector organizations, to identify long-term solutions to the pollution of Jamaica's Kingston Harbour. Under the project, GKF and its partners mobilised volunteers to remove more than 874 pounds of garbage from the shoreline adjacent to the Kingston Pen Gully in downtown Kingston in June and continued to clear and maintain its *Interceptor Barriers* which trap solid waste at the mouths of three gullies emptying into the Harbour. During the period our Grace & Staff Community Development Foundation partnered with eleven schools, two juvenile correctional centres and four churches to host special events for children and held its annual essay and Science, Technology, Engineering and Math (STEM) competitions as a part of its Child's Month activities in May.

Recognition & Awards

In June, the GraceKennedy Group won the 2021 RJRGLEANER Honour Award in the Business category. This prestigious award was presented to us in recognition of our Group's positive and exemplary corporate leadership, and expansion during a tumultuous period for business and individuals. Our CBL team was also recognized in June when they received the 2021/22 Caribbean Distributor of the Year Award from Proctor & Gamble. In July, SigniaGlobe Financial Group was awarded this year's Barbados Best Employers Award (BBE) in the medium-sized business category.

The Board welcomes our new GK Director, Mrs Vanessa Rizzioli, a Jamaican corporate finance lawyer practising in the United Kingdom, who has extensive international experience in energy and infrastructure, project financing and corporate governance. Mrs Rizzioli is currently the Senior Legal Counsel at Thames Water Utilities Limited and was appointed to the GK Board on July 28, 2022.

As we continue to commemorate GK's 100th anniversary in 2022, this year we also mark the 60th anniversary of Jamaica's independence. At this important moment in our history, together with all our stakeholders, we pay tribute to what it means to be a Jamaican-based company with such a wide global reach. No matter where we are in the world, GK adds that Jamaican flair and flavour to everything we do. We remain grateful for our amazing GK team, business partners, loyal customers, and well-wishers in Jamaica and around the world. GK's story is a shared experience with all Jamaicans, and we join with them this August in the celebration of Jamaica, land we love.

Our Story is Your Story. Celebrating the Past. Shaping the Future.



Gordon V. Shirley, OJ
Chairman



Donald G. Wehby, CD
Group Chief Executive Officer

July 28, 2022

GraceKennedy Limited
CONSOLIDATED INCOME STATEMENT
SIX MONTHS ENDED 30 JUNE 2022
(Unaudited)

| | 3 months to 6/30/2022 \$'000 | 6 months to 6/30/2022 \$'000 | 3 months to 6/30/2021 \$'000 | 6 months to 6/30/2021 \$'000 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Revenue from products and services | 35,275,363 | 70,337,872 | 30,800,927 | 61,080,753 |
| Interest revenue | 1,057,563 | 2,252,081 | 1,156,278 | 2,270,588 |
| Revenues (Note 2) | 36,332,926 | 72,589,953 | 31,957,205 | 63,351,341 |
| Direct and operating expenses | (34,011,483) | (68,659,665) | (29,488,103) | (59,251,371) |
| Net impairment losses on financial assets | (61,541) | (117,397) | (125,443) | (229,923) |
| Expenses | (34,073,024) | (68,777,062) | (29,613,546) | (59,481,294) |
| Profit before other income | 2,259,902 | 3,812,891 | 2,343,659 | 3,870,047 |
| Other income | 708,532 | 1,607,487 | 686,211 | 1,527,277 |
| Profit from Operations | 2,968,434 | 5,420,378 | 3,029,870 | 5,397,324 |
| Interest income – non-financial services | 137,895 | 255,303 | 145,924 | 276,092 |
| Interest expense – non-financial services | (322,439) | (643,592) | (293,250) | (557,846) |
| Share of results of associates and joint ventures | 101,355 | 425,709 | 43,969 | 329,579 |
| Profit before Taxation | 2,885,245 | 5,457,798 | 2,926,513 | 5,445,149 |
| Taxation | (779,015) | (1,473,605) | (790,159) | (1,470,191) |
| Net Profit for the period | 2,106,230 | 3,984,193 | 2,136,354 | 3,974,958 |
| Profit attributable to: | | | | |
| Owners of GraceKennedy Limited | 1,962,263 | 3,698,879 | 1,932,366 | 3,587,297 |
| Non-controlling interests | 143,967 | 285,314 | 203,988 | 387,661 |
| | 2,106,230 | 3,984,193 | 2,136,354 | 3,974,958 |

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

(expressed in \$ per stock unit):

| | | | | |
|----------------|--------|--------|--------|--------|
| Basic | \$1.98 | \$3.73 | \$1.95 | \$3.62 |
| Diluted | \$1.96 | \$3.69 | \$1.94 | \$3.59 |

GraceKennedy Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2022

(Unaudited)

| | 3 months to 6/30/2022 \$'000 | 6 months to 6/30/2022 \$'000 | 3 months to 6/30/2021 \$'000 | 6 months to 6/30/2021 \$'000 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Profit for the period | 2,106,230 | 3,984,193 | 2,136,354 | 3,974,958 |
| Other comprehensive income: | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| Gains on revaluation of land and buildings | - | - | 5,554 | 32,530 |
| Changes in fair value of equity instruments at fair value through other comprehensive income | 49,425 | 79,224 | (41,883) | (96,805) |
| Remeasurements of post-employment benefit obligations | 404,733 | 14,941 | (436,794) | 245,527 |
| Share of other comprehensive income of associates and joint ventures | 1,457 | 1,457 | (5,461) | (5,461) |
| | 455,615 | 95,622 | (478,584) | 175,791 |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | | | |
| Foreign currency translation adjustments | (654,321) | (808,727) | 286,820 | 758,754 |
| Changes in fair value of debt instruments at fair value through other comprehensive income | (248,718) | (539,530) | 9,911 | (100,191) |
| Share of other comprehensive income of associates and joint ventures | (48,394) | (59,167) | 46,142 | 86,769 |
| | (951,433) | (1,407,424) | 342,873 | 745,332 |
| Other comprehensive income for the period, net of tax | (495,818) | (1,311,802) | (135,711) | 921,123 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 1,610,412 | 2,672,391 | 2,000,643 | 4,896,081 |
| Total comprehensive income attributable to: | | | | |
| Owners of GraceKennedy Limited | 1,496,122 | 2,413,761 | 1,774,823 | 4,471,178 |
| Non-controlling interests | 114,290 | 258,630 | 225,820 | 424,903 |
| | 1,610,412 | 2,672,391 | 2,000,643 | 4,896,081 |

GraceKennedy Limited

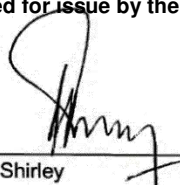
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

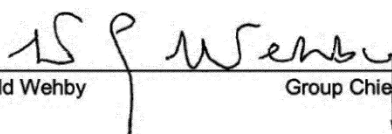
30 JUNE 2022

(Unaudited)

| | June 30 2022 \$'000 | December 31 2021 \$'000 | June 30 2021 \$'000 |
|--|---------------------------|-------------------------------|---------------------------|
| ASSETS | | | |
| Cash and deposits | 31,727,511 | 30,036,681 | 27,749,651 |
| Investment securities | 38,031,684 | 40,479,250 | 36,707,824 |
| Pledged assets | 6,457,573 | 9,361,518 | 6,837,422 |
| Receivables | 23,634,404 | 20,183,748 | 22,909,247 |
| Inventories | 19,645,649 | 19,228,919 | 14,693,916 |
| Loans receivable | 34,850,513 | 33,322,490 | 32,123,985 |
| Taxation recoverable | 1,191,247 | 1,063,158 | 977,617 |
| Investments in associates and joint ventures | 5,232,466 | 4,524,211 | 4,356,003 |
| Investment properties | 765,900 | 765,900 | 699,000 |
| Intangible assets | 6,254,285 | 6,176,933 | 4,887,812 |
| Fixed assets | 25,390,829 | 26,223,419 | 25,531,880 |
| Deferred tax assets | 1,614,139 | 1,332,769 | 1,138,528 |
| Pension plan asset | 5,351,186 | 7,097,995 | 6,667,207 |
| Total Assets | 200,147,386 | 199,796,991 | 185,280,092 |
| LIABILITIES | | | |
| Deposits | 50,193,837 | 48,143,926 | 45,525,919 |
| Securities sold under agreements to repurchase | 4,801,036 | 7,249,565 | 4,864,407 |
| Bank and other loans | 27,927,965 | 27,988,518 | 26,808,174 |
| Payables | 35,926,117 | 36,019,373 | 32,585,122 |
| Taxation | 989,035 | 789,425 | 817,230 |
| Provisions | 48,268 | 48,303 | 44,906 |
| Deferred tax liabilities | 1,835,046 | 1,783,144 | 1,790,307 |
| Other post-employment obligations | 5,524,194 | 6,768,762 | 5,894,115 |
| Total Liabilities | 127,245,498 | 128,791,016 | 118,330,180 |
| EQUITY | | | |
| Capital & reserves attributable to the company's owners | | | |
| Share capital | 352,682 | 284,387 | 366,036 |
| Capital and fair value reserves | 7,022,839 | 7,409,599 | 7,573,442 |
| Retained earnings | 53,106,302 | 50,318,566 | 47,038,584 |
| Banking reserves | 3,920,711 | 3,920,711 | 3,620,711 |
| Other reserves | 4,788,100 | 5,672,330 | 4,912,688 |
| Equity attributable to owners of the company | 69,190,634 | 67,605,593 | 63,511,461 |
| Non-Controlling Interests | 3,711,254 | 3,400,382 | 3,438,451 |
| Total Equity | 72,901,888 | 71,005,975 | 66,949,912 |
| Total Equity and Liabilities | 200,147,386 | 199,796,991 | 185,280,092 |

Approved for issue by the Board of Directors on 28 July 2022 and signed on its behalf by:


 Gordon Shirley Chairman


 Donald Wehby Group Chief Executive Officer

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2022

(Unaudited)

| | Attributable to owners of the company | | | | | | | Non-controlling interests | Total Equity |
|---|---------------------------------------|----------------------|---------------------------------------|--------------------------|-------------------------|-----------------------|--------------|---------------------------|--------------|
| | No. of Shares '000 | Share Capital \$'000 | Capital and Fair Value Reserve \$'000 | Retained Earnings \$'000 | Banking Reserves \$'000 | Other Reserves \$'000 | Total \$'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 | - | - | - | 3,587,297 | - | - | 3,587,297 | 387,661 | 3,974,958 |
| Other comprehensive income for the period | - | - | (170,276) | 245,527 | - | 808,630 | 883,881 | 37,242 | 921,123 |
| Total comprehensive income for the period | - | - | (170,276) | 3,832,824 | - | 808,630 | 4,471,178 | 424,903 | 4,896,081 |
| Transactions with owners: | | | | | | | | | |
| Purchase of treasury shares | (43) | (4,188) | - | - | - | - | (4,188) | - | (4,188) |
| Increase in non-controlling interests | - | - | - | - | - | - | - | 83,216 | 83,216 |
| Transfer of non-controlling interests | - | - | (61,880) | - | - | - | (61,880) | 61,880 | - |
| Share-based payments charged | - | - | - | - | - | 116,616 | 116,616 | - | 116,616 |
| Share-based payments exercised | - | - | - | - | - | (29,145) | (29,145) | (144) | (29,289) |
| Transfer of treasury shares to employees | 1,076 | 64,731 | 17,080 | - | - | (81,535) | 276 | (276) | - |
| Dividends paid by subsidiaries to non-controlling interests | - | - | - | - | - | - | - | (196) | (196) |
| Dividends paid | - | - | - | (891,655) | - | - | (891,655) | - | (891,655) |
| Total transactions with owners | 1,033 | 60,543 | (44,800) | (891,655) | - | 5,936 | (869,976) | 144,480 | (725,496) |
| Transfers between reserves: | | | | | | | | | |
| From capital reserves | - | - | (548) | 548 | - | - | - | - | - |
| Balance at 30 June 2021 | 990,694 | 366,036 | 7,573,442 | 47,038,584 | 3,620,711 | 4,912,688 | 63,511,461 | 3,438,451 | 66,949,912 |
| 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 | - | - | - | 3,698,879 | - | - | 3,698,879 | 285,314 | 3,984,193 |
| Other comprehensive income for the period | - | - | (454,864) | 14,941 | - | (845,195) | (1,285,118) | (26,684) | (1,311,802) |
| Total comprehensive income for the period | - | - | (454,864) | 3,713,820 | - | (845,195) | 2,413,761 | 258,630 | 2,672,391 |
| Transactions with owners: | | | | | | | | | |
| Sale of treasury shares | 1,632 | 117,300 | 53,396 | - | - | - | 170,696 | - | 170,696 |
| Purchase of treasury shares | (1,464) | (153,450) | - | - | - | - | (153,450) | - | (153,450) |
| Transfer of non-controlling interests | - | - | - | - | - | - | - | 53,145 | 53,145 |
| Share-based payments charged | - | - | - | - | - | 165,721 | 165,721 | - | 165,721 |
| Share-based payments exercised | - | - | - | - | - | (60,496) | (60,496) | (309) | (60,805) |
| Transfer of treasury shares to employees | 1,450 | 104,445 | 40,409 | - | - | (144,260) | 594 | (594) | - |
| Dividends paid | - | - | - | (951,785) | - | - | (951,785) | - | (951,785) |
| Total transactions with owners | 1,618 | 68,295 | 93,805 | (951,785) | - | (39,035) | (828,720) | 52,242 | (776,478) |
| Transfers between reserves: | | | | | | | | | |
| From capital reserves | - | - | (25,701) | 25,701 | - | - | - | - | - |
| Balance at 30 June 2022 | 991,627 | 352,682 | 7,022,839 | 53,106,302 | 3,920,711 | 4,788,100 | 69,190,634 | 3,711,254 | 72,901,888 |

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE 2022

(Unaudited)

| | 6/30/2022 \$'000 | 6/30/2021 \$'000 |
|---|---------------------|---------------------|
| SOURCES/(USES) OF CASH: | | |
| Operating Activities (Note 3) | 433,749 | 6,055,828 |
| Financing Activities | | |
| Loans received | 7,239,706 | 9,058,566 |
| Loans repaid | (6,677,594) | (8,068,159) |
| Proceeds from issue of shares to non-controlling interests | - | 83,216 |
| Dividends paid by subsidiary to non-controlling interests | - | (196) |
| Purchase of treasury shares | (153,450) | (4,188) |
| Sale of treasury shares | 170,696 | - |
| Exercise of share based payments | (60,805) | (29,289) |
| Interest paid – non financial services | (655,240) | (526,665) |
| Dividends | (951,785) | (891,655) |
| | (1,088,472) | (378,370) |
| Investing Activities | | |
| Additions to fixed assets | (699,649) | (580,256) |
| Proceeds from disposal of fixed assets | 46,059 | 10,525 |
| Additions to investments | (6,214,349) | (6,711,406) |
| Cash outflow on acquisition of subsidiary | (85,970) | - |
| Cash outflow on purchase of interest in associates and joint ventures | (401,093) | - |
| Proceeds from sale of investments | 10,496,993 | 4,932,724 |
| Additions to intangibles | (475,729) | (654,653) |
| Interest received – non financial services | 322,993 | 288,899 |
| | 2,989,255 | (2,714,167) |
| Increase in cash and cash equivalents | 2,334,532 | 2,963,291 |
| Cash and cash equivalents at beginning of year | 27,911,182 | 23,319,787 |
| Exchange and translation (losses)/gains on net foreign cash balances | (233,115) | 377,999 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 30,012,599 | 26,661,077 |

GraceKennedy Limited

FINANCIAL INFORMATION BY OPERATING SEGMENT

SIX MONTHS ENDED 30 JUNE 2022

(Unaudited)

| 6 months to 30 June 2022 | Food Trading \$'000 | Banking & Investments \$'000 | Insurance \$'000 | Money Services \$'000 | Consolidation Adjustments \$'000 | Group \$'000 |
|--|---------------------------|------------------------------------|---------------------|-----------------------------|--|-------------------|
| REVENUE | | | | | | |
| External sales | 57,887,965 | 3,731,309 | 6,488,475 | 4,482,204 | - | 72,589,953 |
| Inter-segment sales | 125,767 | 146,190 | - | - | (271,957) | - |
| Total Revenue | 58,013,732 | 3,877,499 | 6,488,475 | 4,482,204 | (271,957) | 72,589,953 |
| RESULT | | | | | | |
| Operating results | 3,078,861 | 690,836 | 614,689 | 1,656,209 | 39,473 | 6,080,068 |
| Unallocated expense | - | - | - | - | (659,690) | (659,690) |
| Profit from operations | - | - | - | - | - | 5,420,378 |
| Finance income | 4,765 | 2,965 | 22,863 | 21,435 | 203,275 | 255,303 |
| Finance expense | (387,585) | (49,849) | (3,789) | (60,512) | (141,857) | (643,592) |
| Share of associates and joint ventures | 337,843 | 136,788 | (48,922) | - | - | 425,709 |
| Profit before Taxation | 3,033,884 | 780,740 | 584,841 | 1,617,132 | (558,799) | 5,457,798 |
| Taxation | | | | | | (1,473,605) |
| Net Profit for the period | | | | | | 3,984,193 |
| Attributable to: | | | | | | |
| Owners of GraceKennedy Limited | | | | | | 3,698,879 |
| Non-controlling interests | | | | | | 285,314 |
| | | | | | | 3,984,193 |
| 6 months to 30 June 2021 | | | | | | |
| | Food Trading \$'000 | Banking & Investments \$'000 | Insurance \$'000 | Money Services \$'000 | Consolidation Adjustments \$'000 | Group \$'000 |
| REVENUE | | | | | | |
| External sales | 49,639,341 | 3,276,667 | 5,606,610 | 4,828,723 | - | 63,351,341 |
| Inter-segment sales | 107,288 | 98,235 | - | - | (205,523) | - |
| Total Revenue | 49,746,629 | 3,374,902 | 5,606,610 | 4,828,723 | (205,523) | 63,351,341 |
| RESULT | | | | | | |
| Operating results | 2,826,389 | 309,084 | 533,635 | 2,144,842 | 39,458 | 5,853,408 |
| Unallocated expense | - | - | - | - | (456,084) | (456,084) |
| Profit from operations | - | - | - | - | - | 5,397,324 |
| Finance income | 2,953 | 4,742 | 16,171 | 11,353 | 240,873 | 276,092 |
| Finance expense | (323,726) | (32,983) | (3,877) | (62,397) | (134,863) | (557,846) |
| Share of associates and joint ventures | 292,872 | 67,179 | (30,472) | - | - | 329,579 |
| Profit before Taxation | 2,798,488 | 348,022 | 515,457 | 2,093,798 | (310,616) | 5,445,149 |
| Taxation | | | | | | (1,470,191) |
| Net Profit for the period | | | | | | 3,974,958 |
| Attributable to: | | | | | | |
| Owners of GraceKennedy Limited | | | | | | 3,587,297 |
| Non-controlling interests | | | | | | 387,661 |
| | | | | | | 3,974,958 |

GraceKennedy Limited

INTERIM CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2022

Notes

1. Accounting Policies

(a) Basis of preparation

This condensed consolidated interim financial report for the reporting period ended 30 June 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 | 65,017,655 | 56,460,756 |
| Services transferred over time | 62,371 | 59,209 |
| Revenue from insurance contracts | 5,257,846 | 4,560,788 |
| Interest revenue | 2,252,081 | 2,270,588 |
| | 72,589,953 | 63,351,341 |

3. Cash Flows from Operating Activities

Reconciliation of net profit to cash generated from operating activities:

| | 6/30/2022 \$'000 | 6/30/2021 \$'000 |
|---|---------------------|---------------------|
| Net profit | 3,984,193 | 3,974,958 |
| Items not affecting cash: | | |
| Depreciation | 1,396,347 | 1,369,429 |
| Amortisation | 358,584 | 302,848 |
| Change in value of investments | (402,258) | (51,772) |
| (Gain)/loss on disposal of fixed assets | (12,855) | 282 |
| Gain on disposal of investments | (23,251) | (34,687) |
| Share-based payments | 165,721 | 116,616 |
| Exchange loss/(gain) on foreign balances | 76,603 | (297,031) |
| Interest income – non financial services | (255,303) | (276,092) |
| Interest income – financial services | (2,473,968) | (2,437,572) |
| Interest expense – non financial services | 643,592 | 557,846 |
| Interest expense – financial services | 534,347 | 358,077 |
| Taxation expense | 1,473,605 | 1,470,191 |
| Unremitted equity income in associates and joint ventures | (364,871) | (155,872) |
| Pension plan surplus | 183,855 | 124,729 |
| Other post-employment obligations | 338,308 | 321,640 |
| | 5,622,649 | 5,343,590 |
| Changes in working capital components: | | |
| Inventories | (416,729) | (260,781) |
| Receivables | (3,450,656) | (6,037,808) |
| Loans receivable, net | (1,930,847) | (692,560) |
| Payables | (93,256) | 4,373,281 |
| Deposits | 2,727,185 | 3,189,743 |
| Securities sold under repurchase agreements | (2,297,308) | (227,042) |
| Provisions | (34) | 2,303 |
| | 161,004 | 5,690,726 |
| Interest received – financial services | 3,003,891 | 2,337,304 |
| Interest paid – financial services | (800,803) | (342,759) |
| Translation (losses)/gains | (527,078) | 400,001 |
| Taxation paid | (1,403,265) | (2,029,444) |
| Net cash provided by operating activities | 433,749 | 6,055,828 |

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

Amounts represent bank and other loans, excluding bank overdrafts

| | 6/30/2022 \$'000 | 6/30/2021 \$'000 |
|---|---------------------|---------------------|
| At beginning of year | 25,863,018 | 24,222,390 |
| Lease liability to acquire right-of-use asset | 222,949 | 192,164 |
| Loans received | 7,239,706 | 9,058,566 |
| Loans repaid | (6,677,594) | (8,068,159) |
| Foreign exchange adjustments | (367,122) | 264,900 |
| Net interest movements | (67,904) | 49,739 |
| At end of period | 26,213,053 | 25,719,600 |

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:

| | 6/30/2022 |
|--|-----------|
| | \$'000 |
| 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.