BUILDING A BRIGHT FUTURE TOGETHER THROUGH GREAT PEOPLE.
OUR STORY CONTINUES.

ANNUAL REPORT

GraceKennedy 2022 Annual Report

BUILDING A BRIGHT FUTURE TOGETHER THROUGH GREAT PEOPLE.
OUR STORY CONTINUES.

On the cover:

Front Row (L-R):
Magion Stephenson, Deputy General Manager at Grace Foods & Services; Nazli Williams, Administrative Assistant/Analyst at Grace Foods Latin America and the Caribbean; Orette Staple, GraceKennedy Limited Shareholder; Sydoney Johnson, Corporate Secretary & Registrar, GraceKennedy Limited;
Don Wehby, GraceKennedy Group CEO; Saheana Patterson, Claims Unit Leader – Direct, Agent & Strategic Partner, GraceKennedy General Insurance; Peta-Gaye Peart, Business Development Officer, First Global Bank - Duke Street; Michael Harriott, Maintenance Planner at NALCAN; Junior Wilson, Owner of Stop Light Wholesalers and GK Foods customer since 2003.

Back Row (L-R):
Lanzel Burton, Western Union Customer; Karim Fenton, Business Development Officer at First Global Bank - Mandeville; Jamila Harriott, Hi-Lo Food Stores Customer; Heather Mackay, Restaurateur – The Coppers and GK Foods customer since 1986; Anthony Lawrence, Retired Global Brand Manager of GK Foods and current Deputy Chair of the Grace & Staff Community Development Foundation; Vinesha Grant, Business Development Officer at First Global Bank - Duke Street; Shavouya Carson, Grace & Staff Community Development Foundation beneficiary; Wayne Brown, Business Development Officer at GraceKennedy General Insurance; Stephanie Hamilton, Business Support Manager at GraceKennedy Money Services; Johmar Bennett, 2018 GraceKennedy Carlton Alexander Scholarship recipient and GK Management Trainee; Kymani Burton, Purchaser at Hi-Lo Food Stores; Huixiong Liao, Owner of National Self Serve Wholesale Ltd. and GK Foods customer since 2003.

At GraceKennedy (GK), our greatest assets are the people who have supported us on our 101-year journey.

These great GK people - our team, customers, business partners, shareholders, and members of all the communities we serve around the world – have undoubtedly been the key to our success; and they will remain so, as we work together to build a bright future.

This year our annual report features just a few of the great people who are a part of our amazing GK Family.

Grounded by our core values of *Honesty, Integrity* and *Trust,* and our *We Care* ethos, we look forward to what lies ahead for GK. We have already begun writing the next chapter of GK's story.

By 2030 we intend to be the #1 Caribbean brand with Jamaican roots and a global reach, by building on our core pillars of Foods and Financial Services to provide strong returns to our shareholders and improve the quality of life of our team members, customers and the communities we serve. Our purpose is to bring superior products and services to customers that contribute to a better global society and greater financial well-being. Both this vision and our purpose are rooted in environmental, social and governance principles, which are now key tenets of our responsible management philosophy.

Thank you to each and every person who has stood beside us on our exciting journey. With you in our corner, GK is…

…Building a bright future together through great people.
Our story continues.

OUR 2030 VISION

To be the #1 Caribbean brand with Jamaican roots and a global reach, by building on our core pillars of Foods and Financial Services to provide strong returns to our shareholders and improve the quality of life of our team members, customers and the communities we serve.

OUR PURPOSE

To bring superior products and services to customers that contribute to a better global society and greater financial well-being.

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HONESTY.

INTEGRITY.

TRUST.

CHAIRMAN'S MESSAGE

Dear Shareholders,

The true test of a company is not during times of economic growth and prosperity, but when it is faced with difficult circumstances. Last year, the challenging macroeconomic conditions felt around the world were a true test for our GraceKennedy team.

2022 was characterised by rising inflation, an inconsistent supply chain, increasing interest rates and distribution costs, and global geopolitical tensions and conflicts. Notwithstanding, GraceKennedy tackled these challenges head on, building on our existing business processes and strong internal controls to navigate the harsh macroeconomic climate. This strategy has served GraceKennedy well for over 100 years and is the backbone of our business.

GraceKennedy delivered a commendable performance in 2022, demonstrating its resilience and agility. The food division achieved strong revenue growth and an increase in profit-before-tax (PBT) over 2021; while the financial division delivered a mixed performance, achieving top-line growth but a decline in PBT compared to its 2021 performance. Although we fell short of increasing our profits as a Group, GraceKennedy continued to achieve strong top-line growth, increasing our revenues to J$142.9 billion, representing a 10.5% increase over our 2021 performance.

This strong performance in the face of difficult circumstances, is testament to the dedication and hard work of the GK team, who have continued to demonstrate their commitment to our Company and delivering value to our customers and consumers. I take this opportunity to thank and congratulate Group CEO Don Wehby, for his leadership, and GraceKennedy's Executive and Senior Management team, my fellow Directors and the hundreds of GK team members across the world, for their unwavering commitment during a challenging year. Together we remain focused on achieving GraceKennedy's vision of becoming the #1 Caribbean brand in the world by 2030.

We are confident that the strategy which we have set to achieve this vision will deliver sustainable growth and value for our business over the long-term.

We are building upon our strong and stable foundations in the food and financial services industries to transform GraceKennedy for the future needs of the communities we serve.

Looking ahead we anticipate continued growth and success in the coming year, and in the years to come. We will continue to invest in our digital transformation and advancing our environmental, social and governance agenda, whilst also exploring new organic and inorganic opportunities to expand our business and enhance our offerings. We also remain focused on the development and growth of our team, who are the driving force behind our business.

GraceKennedy is firmly committed to providing strong returns to our shareholders and improving the quality of life of our team, customers, and the communities we serve around the world. On behalf of the Board of Directors, I take this opportunity to thank you all, our GraceKennedy family, we could not have done it without your continued trust and support.

Prof. Gordon Shirley, OJ
Chairman

CEO'S MESSAGE

People are at the heart of our business. Throughout GraceKennedy's 101 years in operation, it is people – our team, our customers, our shareholders, and the communities we serve around the world – who have remained central to our longevity and resilience. They are the amazing individuals who have given us their unwavering support as we transformed from a small trading establishment into a global consumer group; and who will continue to move us forward on our journey.

We are ***Building a bright future through great people. Our story continues.***

Our Team

Having a great team – who embody our core values, *Honesty, Integrity* and *Trust* and our *We Care* ethos – is what drives GraceKennedy (GK) to succeed. During the challenging times we have faced over the past few years —a pandemic, mounting inflation, supply chain issues, and global conflict— I am proud of how our GK team has demonstrated their commitment and remained focused on delivering innovative solutions and excellence in everything we do.

In 2022, we launched our 100th anniversary celebrations (GK100) by announcing a share offer for our over 2000 employees. The offer was well received and helped to broaden our team's share ownership in our Company. It was also a way for us to say thanks and give back to these great people, who are the driving force behind our success. At GK, our team is truly our most valuable asset, and we strongly believe in creating a positive work environment which empowers them and recognises their invaluable contributions.

It is a privilege to be the CEO of this great Company and lead our outstanding GK team; and I am so proud of what we continue to achieve together.

Our Customers & Consumers

Whether it be on their kitchen shelves, when they are sending money to loved ones, or by helping to protect their most valuable assets, GraceKennedy stands by our customers' side, every step of the way. In turn, our customers, at home and abroad, are some of GK's most loyal supporters, and we remain forever grateful for their valued business. We are committed to always serving our customers at the highest standard and offering them innovative and responsible products and services every day.

Our Shareholders

Today, GraceKennedy has over 17,000 shareholders based in over 30 countries around the world, including the United Arab Emirates, Australia, the Netherlands, Japan and Switzerland. Our team goes to work every day recognizing that we must create value for our shareholders, no matter how large or small they are. In turn, our shareholders hold us accountable, whilst supporting the growth and expansion of our business.

Our Communities

Over the years, as I have visited the markets we serve around the world, I have had the privilege of meeting many people who have been positively impacted by GraceKennedy. I have heard firsthand how, for over a century, our Company has touched so many lives through our food and financial services, and most importantly through our *We Care* ethos. The well-being of the communities we serve is paramount to GK. Last year, in celebration of GK100, our team went above and beyond to reaffirm this, by delivering 100 Acts of Grace, including cash and in-kind donations, scholarships, bursaries, tree planting projects and beach cleanups. We also launched our environmental, social and governance (ESG) agenda, which is now a central pillar of our vision for the future.

Our 2030 Vision

We have bold ambitions and big dreams for the future of GK. Our 2030 vision sees GraceKennedy becoming the #1 Caribbean brand in the world with 70% of our revenues and profits earned outside of Jamaica. In 2022 we continued pursuing our goal to list GK on an international stock exchange, as we expand the footprint of our food business internationally. We also continued expansion of our financial services business in the Caribbean. With a highly skilled and engaged team, and ESG principles infused into our core business strategy, GK is well positioned to meet our targets.

On the heels of our centenary, we are growing and expanding our business in a sustainable way, for the benefit of all our stakeholders. GK has laid a solid foundation and we are committed to achieving our 2030 vision and improving the lives of everyone we interact with.

We remain eternally grateful for all the people who have made GK one of the most loved Caribbean brands in the world. As our story continues, I am excited for what the next chapter will bring for our Company. Notwithstanding any challenges we may face, with so many great people in our corner, I know that the future of GK is bright.

The best is yet to come.

Don Wehby, CD
Group CEO

TEN-YEAR FINANCIAL REVIEW

	'000 2022	'000 2021	'000 2020	'000 2019
Number of Shares (including treasury shares)	995,129	995,070	995,013	995,005
Stockholders' Equity	71,995,793	67,605,593	59,910,259	52,326,410
Percentage change over prior year	6.5%	12.8%	14.5%	17.3%
Market Capitalisation	82,814,635	99,526,901	62,367,415	69,083,197
Total Borrowings	28,318,585	27,988,518	25,233,708	24,032,254
PROFIT AND LOSS ACCOUNT				
Revenues	142,931,701	129,309,871	115,437,341	103,089,893
Percentage change over prior year	10.5%	12.0%	12.0%	5.7%
Profit before Taxation	10,220,812	11,676,117	9,708,975	6,127,595
Percentage change over prior year	-12.5%	20.3%	58.4%	-12.0%
Profit after Taxation	7,594,392	8,940,309	6,856,926	5,099,916
Percentage change over prior year	-15.1%	30.4%	34.5%	-9.6%
Net Profit Attributable to Stockholders	7,027,398	8,191,519	6,218,055	4,487,389
Percentage change over prior year	-14.2%	31.7%	38.6%	-10.4%
Dividends paid to Stockholders	2,001,741	1,911,882	1,585,604	1,539,049
Percentage change over prior year	4.7%	20.6%	3.0%	14.9%
IMPORTANT RATIOS				
Return on Equity	10.1%	12.8%	11.1%	9.3%
Profit before Taxation / Sales	7.2%	9.0%	8.4%	5.9%
Profit after Taxation / Sales	5.3%	6.9%	5.9%	4.9%
Dividend Payout Ratio	28.5%	23.3%	25.5%	34.3%
Earnings per Stock Unit - basic ($)	7.09	8.27	6.28	4.52
Productivity per Employee (US$'000)	22.95	27.39	22.63	18.45
Number of Employees	2,001	1,984	1,934	1,828
Debt to Equity Ratio	39.3%	41.4%	42.1%	45.9%
Shareholders Equity per Stock Unit (including treasury shares) : JA$	72.66	68.29	60.54	52.74
Closing Stock Price - JSE : JA$	83.22	100.02	62.68	69.43
Closing Stock Price - TTSE : TT$	4.49	6.10	3.85	3.95
Price-Earnings Ratio	11.74	12.09	9.98	15.36

'000 2018	'000 2017	'000 2016	'000 2015	'000 2014	'000 2013
994,887	994,887	994,887	992,837	993,669	1,000,977
44,614,427	45,222,812	42,063,925	38,047,441	36,533,101	32,765,684
-1.3%	7.5%	10.6%	4.1%	11.5%	6.7%
63,175,325	43,615,846	40,083,997	26,889,363	20,214,540	18,374,601
16,529,313	16,515,615	13,242,037	13,936,107	11,064,160	11,571,790
PROFIT AND LOSS ACCOUNT					
97,544,731 5.5%	92,475,652 4.8%	88,267,589 10.7%	79,742,230 12.6%	70,839,886 5.3%	67,257,502 9.6%
6,963,025 19.6%	5,819,562 -4.6%	6,103,330 41.8%	4,303,813 -6.2%	4,588,432 -9.6%	5,075,199 23.7%
5,643,577 18.3%	4,772,100 5.2%	4,534,862 39.4%	3,254,020 -14.3%	3,799,127 0.1%	3,794,064 0.2%
5,005,915 21.6%	4,116,101 2.8%	4,004,539 45.1%	2,759,498 -16.0%	3,285,174 2.0%	3,221,634 -7.4%
1,339,783 19.5%	1,121,519 11.0%	1,010,423 23.2%	820,030 6.5%	770,239 5.9%	727,660 9.3%
IMPORTANT RATIOS					
11.1%	9.4%	10.0%	7.4%	9.5%	10.2%
7.1%	6.3%	6.9%	5.4%	6.5%	7.5%
5.8%	5.2%	5.1%	4.1%	5.4%	5.6%
26.8%	27.2%	25.2%	29.7%	23.4%	22.6%
5.05	4.15	4.04	2.78	3.30	3.22
21.74	17.01	16.46	11.80	14.19	17.48
1,789	1,894	1,940	1,996	2,080	1,827
37.0%	36.5%	31.5%	36.6%	30.3%	35.3%
44.98	45.56	42.39	38.36	36.79	32.91
63.50	43.84	40.29	27.08	20.34	18.36
2.90	3.00	2.67	1.35	1.22	1.15
12.57	10.56	9.97	9.73	6.16	5.70

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Annual General Meeting** of GraceKennedy Limited will be held at the GraceKennedy Headquarters, 42-56 Harbour Street, Kingston, Jamaica and electronically via an online platform which can be accessed via our website at www.gracekennedy.com on **Wednesday, 31 May 2023 at 2:00 p.m.** for the following purposes:-

1. **To receive the Audited Group Accounts for the year ended 31 December 2022 and the reports of the Directors and Auditors circulated herewith.**

   To consider and (if thought fit) pass the following resolution: -

   Resolution No. 1

   "THAT the Audited Group Accounts for the year ended 31 December 2022 and the reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. **To declare the interim dividends paid on 8 April 2022, 16 June 2022, 23 September 2022 and 15 December 2022 as final for the year under review.**

   To consider and (if thought fit) pass the following resolution: -

   Resolution No. 2

   "THAT as recommended by the Directors, the interim dividends paid on 8 April 2022, 16 June 2022, 23 September 2022 and 15 December 2022 be and they are hereby declared as final and no further dividend be paid in respect of the year under review."

3. **To elect Directors.**

   (1) In accordance with Article 108 of the Company's Articles of Incorporation, Mrs. Vanessa N. H. Rizzioli having been appointed to the Board of Directors since the last Annual General Meeting, will retire from office and, being eligible, offers herself for election.

   To consider and (if thought fit) pass the following resolution: -

   Resolution No. 3 (a)

   "THAT Mrs. Vanessa N. H. Rizzioli be and is hereby elected a Director of the Company."

   (2) The Directors retiring from office by rotation pursuant to Article 102 of the Company's Articles of Incorporation are Dr. Parris A. R. Lyew-Ayee, Jr., Mr. Andrew R. Messado, and Mr. Peter E. Williams who, being eligible, offer themselves for re-election.

   To consider and (if thought fit) pass the following resolution: -

Resolution No. 3 (b)

"THAT the Directors retiring by rotation and offering themselves for re-election be re-elected en bloc."

Resolution No. 3 (c)

"THAT Dr. Parris A. R. Lyew-Ayee, Jr., Mr. Andrew R. Messado and Mr. Peter E. Williams be and they are hereby re-elected Directors of the Company."

4. To fix the fees of the Directors.

To consider and (if thought fit) pass the following resolution: -

Resolution No. 4

a) *"THAT the amount shown in the Accounts of the Company for the year ended 31 December 2022 as fees of the Directors for their services as Directors be and is hereby approved."*

b) *"That the Compensation Sub-Committee, a Sub-Committee of the Corporate Governance & Nomination Committee of the Board of Directors is authorised until the conclusion of the next Annual General Meeting to fix the fees of the Directors."*

5. To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.

To consider and (if thought fit) pass the following resolution: -

Resolution No. 5

"THAT PricewaterhouseCoopers, Chartered Accountants, having signified their willingness to serve, continue in office as Auditors of the Company pursuant to Section 154 of the Companies Act to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

By Order of the Board
March 1, 2023
Gail Moss-Solomon
Corporate Secretary

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his/her stead. Such proxies need not be members of the Company. Instruments appointing proxies (a specimen of which has been circulated to members along with the Company's Annual Report) must be deposited with the Corporate Secretary of the Company, at 73 Harbour Street, Kingston, Jamaica, not less than forty-eight (48) hours before the meeting.

Further information on how to participate in this meeting is available on our website at www.gracekennedy.com

14 MD&A

Management Discussion & Analysis

Orette Staple

GraceKennedy Limited shareholder since 2013

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JAMAICAN TRADING GROUP

GRACEKENNEDY'S
CAMPAIGN MAP

2022 | 2023 | 2026 | 2030

PERFORMANCE DRIVEN ORGANIZATION

- Maintain accountability and execution culture
- Align all team members with the strategy and vision
- Build expertise to support global expansion
- Align reward system with strategy and performance
- Develop effective leaders and staff at all levels through professional development
- Create an environment conducive to innovation

GROWTH & SUSTAINABILITY

- Advance digital transformation
- Grow GraceKennedy-owned brands
- Grow international foods business
- Develop strategic partnerships
- Mobilise financial resources
- Grow domestic and regional financial and money services

INTERNAL PROCESSES

- Develop project and change management skills
- Leverage IT platforms and improve efficiency
- Manage capital effectively
- Enhance risk management and internal controls
- Standardize operating procedures
- Optimize Group structure
- Target international benchmarking for operational excellence

CONSUMER CENTRICITY

- Transform into a market-led organization
- Develop global market research capabilities
- Design solutions rooted in consumer needs, attitudes, and behaviors
- Seek cross-product synergies and technological solutions
- Ensure high levels of consumer satisfaction

GLOBALLY RATIONALISE OPERATIONS

- Optimize IT platforms
- Internationalise policies and procedures to ensure compliance in all jurisdictions

REBALANCE JAMAICA VS INTERNATIONAL

- Internationalise systems
- Develop globally mobile human resource pool

DISCLOSURES

The management of GraceKennedy Limited is responsible for the integrity and objectivity of the information contained in the Management Discussion and Analysis (MD&A). The information presented herein has been reviewed by our Group's Audit Committee on behalf of our Board of Directors. Management believes this information represents an objective review of our Group's past performance and future prospects.

All monetary figures are presented in Jamaican dollars, unless otherwise stated.

WHO WE ARE

GraceKennedy Limited (GK) is a publicly listed company on the stock exchanges of Jamaica and the Republic of Trinidad & Tobago. The Company was founded on February 14, 1922, and is the parent company of a group of subsidiaries operating mainly in the food trading and financial services industries - the GraceKennedy Group (or GK Group). GK Group's operations are structured into two divisions:

- **Food Trading (GK Foods):** This includes food manufacturing through GK-owned factories and external suppliers; the distribution of Grace and Grace-owned brands in Jamaica and internationally; and the operation of retail outlets through our Jamaican supermarket chain, Hi-Lo Food Stores. The Group also manufactures and distributes third party brands in Jamaica and internationally. GK Foods operates in Jamaica, the Caribbean, Central America, North America, and the United Kingdom (UK), and distributes products in several European countries.
- **Financial Services (GK Financial Group):** This is comprised of our commercial banking, investment banking, remittance, cambio, payment services, general, creditor life and health insurance, and insurance brokerage businesses. Our Financial Services subsidiaries currently operate within the English-speaking Caribbean.

PERFORMANCE MEASUREMENT

GK's Executive Committee uses the Balanced Scorecard tool to evaluate and monitor our Group's performance. The Balanced Scorecard focuses on learning and growth, internal processes, customer, and financial objectives.

- **Learning and Growth:** Our team is critical to our success. We monitor our relationship with our team by tracking employee engagement, retention, and development.
- **Internal Processes**: This focus area monitors increases in the efficiency of our business processes and the strengthening of risk management.
- **Customer:** Maintaining focus on our customers and consumers is a critical aspect of our strategy, and central to the delivery of our products and services. As such, we consistently monitor customer experience and service levels to ensure that our customers' needs are anticipated and met across all segments of our business.
- **Financial:** Key metrics related to our revenue strategy and productivity levels are evaluated to assess how well implementation of our strategy has maximised shareholder value. We carefully monitor revenue earned through existing and new markets, our ability to translate revenue into profit, and our allocation of capital. This is in keeping with our long-term vision to provide investors with a competitive return on equity.

KEY EXPECTATIONS FOR 2022

STATUS REPORT

2022 marked GraceKennedy's 100th anniversary, GK100. Throughout the year, GK's businesses remained committed to operating at the highest standard, notwithstanding the challenging global macroeconomic climate. Despite being faced with several headwinds, we continued to execute on our purpose of bringing superior products and services to customers that contribute to a better global society and greater financial well-being. We also advanced our mergers and acquisitions (M&A) strategy and sustained our focus on supply chain management and diversification, remaining agile in the face of continued global supply challenges.

A summary of our 2022 status is below.

2022 REPORT CARD

GOALS	STATUS
Continuing to grow our businesses through greenfield projects, joint ventures, M&A or strategic partnerships.	GK recognizes the importance of forging powerful partnerships and seeking out new business for the growth of our brands. Our GK team brokered several agreements in 2022 that bolstered revenue, and which are expected to produce continued growth in the future. Within our GK Foods Division, our manufacturing business penned three co-manufacturing deals during the period. Both World Brand Services (WBS) and Consumer Brands Limited (CBL) expanded their businesses through new distribution contracts. Our international foods business also continued to focus on the acquisition of new principals and was successful in this regard, bringing on additions in all major markets. Within our GK Financial Group (GKFG), GK Capital Management Limited (GK Capital) signed a joint venture agreement with the Trinidad and Tobago Unit Trust Corporation (TTUTC) allowing GK and TTUTC to partner in the distribution of mutual funds in Jamaica. GK Mutual Funds was launched by GK and TTUTC in March 2023. GK General Insurance (GKGI) signed a partnership agreement with Scotiabank Jamaica appointing GKGI as the underwriting insurer for ScotiaProtect, a new product which allows Scotiabank clients to secure automobile, residential property, and contents insurance coverage via GKGI's digital platform. ScotiaProtect was launched in February 2023. In 2022 GKFG also partnered with Haven Technologies, a cloud-based quote-to-claim insurtech solution, to offer creditor life products on its core insurance platform. The platform will offer an agile solution which will allow us to efficiently expand our insurance product offerings and reach.

2022 REPORT CARD

GOALS	STATUS
	M&A remains a major part of our growth strategy, and our dedicated unit continues to pursue leads that may be deemed a strategic fit for GK. We continued to work with investment bankers across the major markets to identify acquisition targets to assist in achieving our 2030 vision. Strategically, GK has been leveraging M&A to grow our insurance business. This also helps to address the concentration risk of our money services business. In August 2022, GK Life Insurance (Eastern Caribbean) Limited (GK Life) (formerly Scotia Insurance Eastern Caribbean Limited) marked one year of operation under GK's ownership. GK Life is a creditor life insurance business operating in seven Caribbean territories; to date its performance has been positive. 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, the company will be rebranded to GK Life and GK will offer creditor life insurance in 12 Caribbean territories. In April 2022 we entered into an agreement to make a private equity investment in Bluedot (2022) Limited. GK now owns a majority stake in the full-service research and data intelligence consultancy, which uses data collection and analytics to inform business insights and decision-making.
Bolstering our presence in the Jamaican food market by increasing our reach via various channels, executing strategic partnerships, and introducing new products.	The continued expansion of our foods business in Jamaica remains a major goal of our Group and we continue to improve our product portfolio in response to customer and consumer feedback. In keeping with this objective, we launched several new products in the Jamaican market. We also introduced the more environmentally sustainable Tetra Pak® packaging for some of our existing products. These new products and the new packaging have received positive feedback from the market. We also began in-house production of several existing Grace products for the Jamaican and export markets.

2022 REPORT CARD

GOALS	STATUS
	Our goal of increasing our sales and distribution reach was positively impacted by the addition of over 2,400 new points of sale, as well as new principal products. Notably, our three sales and distribution companies were recognized for their outstanding performance by our distribution partners in 2022. Grace Foods & Services (GFS) was recognized by PriceSmart as a *Top 10 Partner* internationally, WBS received the *Go to Market Transformation Award* from PepsiCo, and CBL was awarded *Caribbean Distributor of the Year* by Procter & Gamble. We continued to offer convenient grocery shopping for our customers through our Hi-Lo Food Stores e-commerce platform, *Hi-Lo Online*. There was year over year growth in revenue from this channel compared to prior year, and in 2023 new initiatives will be implemented to further grow and enhance the platform.
Optimising our foods distribution channel in international markets through strategic investments, and additional focus on brand building, to increase earnings.	Our international foods business worked closely with chain store partners to increase deliveries to their warehouses and minimise Direct to Store Delivery. We also continued to invest in brand awareness campaigns in all international markets, to ensure that we remain relevant to our consumers and continue to recruit new ones. Our international foods business has also seen notable growth in both social media engagement and e-commerce, and we are constantly monitoring these spaces for opportunities to improve our offerings. We also launched eight new products in our international markets.
Accelerating the introduction of digital products and channels in the Financial Division to meet consumer needs.	Our highly anticipated *GK One* Mobile App was officially launched in Jamaica in November 2022 and has performed well to date. Customers can use the app to receive remittances, apply for a First Global Bank Limited (FGB) credit card, pay bills, shop on *Hi-Lo Online*, and access exclusive GK promotional offers. The *GK One* prepaid Visa card associated with the app can be used to make payments anywhere where Visa cards are accepted and at over 700 ABMs across the island. Our GK Value Rewards (GKVR) programme is also now fully integrated with the platform and users can use the *GK One* app to track their GKVR points. Once introduced to the app, many customers have continued to use this channel to receive their remittances. The *GK One* app will be rolled out in Trinidad & Tobago and Guyana in 2023.

2022 REPORT CARD

GOALS	STATUS
Executing a cross-selling strategy that effectively introduces and markets our wide range of products and services across the Foods and Financial Divisions to existing and potential customers.	GK implemented a cross-selling strategy in 2022 to deliver added value to our customers and businesses. The execution of this strategy resulted in a 69% increase in the number of customers transacting business with more than one GK company over prior year. New and enhanced cross-selling initiatives, including a campaign specifically targeting our GKVR customers, and an internal campaign aimed at improving cross-selling awareness amongst our GK team, were key activities. Our *GK One* app provides a gateway into our GK ecosystem, and offers users access to several GK products and services in one place. The app is expected to further enhance our cross-selling strategy as additional functionality is added.
Improving the capabilities of employees through increased training, leadership development programmes and the strengthening of succession management throughout the Group.	Focus was given to implementing development plans for the successors of key positions across our Group and delivering training to close identified gaps. The capabilities of potential and current business leaders were strengthened through training in leadership and coaching, strategic data analytics, change management, performance management, project management, and strategic thinking and planning.
Strengthening the use of change management across the Group through training and certification and the application of change management principles in project management.	Working closely with our Corporate Change Management Lead, all major projects across the Group were assigned change managers. Upskilling of key employees in change management continued.

2022 FINANCIAL PERFORMANCE

GK realised revenues of $142.9 billion, an increase of 10.5% or $13.6 billion over the corresponding period in 2021. Profit before other income was $6.5 billion, a $0.8 billion or 11.0% decline compared to prior year, while profit before tax (PBT) for 2022 was $10.2 billion, 12.5% or $1.5 billion lower than the corresponding period for 2021. Net profit was $7.6 billion, a decline of $1.3 billion or 15.1% when compared to prior year.

GK recorded non-recurring gains of $895 million in 2021 while in 2022, a gain of $170.5 million was recorded 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 was 7.7%.

As a global entity and a net earner of foreign exchange, the movement of currencies in our main operating markets around the world negatively impacted our Group's financial 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 headwinds led to margins being compressed, which hampered our business units. High global inflation also limited the disposable income of remittance customers in our sending markets, leading to reduced foreign currency inflows to Jamaica, which adversely affected the performance of our remittance business.

Total assets grew by $1.23 billion or 0.61%, to $201.0 billion in 2022, while total liabilities declined by 2.7% to $125.3 billion. Capital comprised shareholders' equity of $72.0 billion and non-controlling interests of $3.8 billion, compared to 2021, when shareholders' equity was $67.6 billion and non-controlling interest was $3.4 billion. Return on equity was 10.1%, compared to 12.8% for 2021, while earnings per share declined from $8.27 to $7.09.

HOW WE EARNED

GK's revenue growth was driven by increased earnings from most operating segments. Our Insurance segment led revenue growth, reporting a 16% increase over prior year, followed by our Banking & Investments (12%) and Food Trading (11%) segments. Revenue from our Money Services segment declined by 7% compared to 2021.

Our Banking & Investments segment achieved a noteworthy 53% growth in pre-tax profits, while Food Trading achieved 2% growth. Our Insurance and Money Services segments reported declines in pre-tax profits of 10% and 20% respectively.

WHERE WE EARNED

Revenue by Geographical Area ($ Millions)	2015	2016	2017	2018	2019	2020	2021	2022	2022 % Contribution to Revenue
Jamaica	40,248	45,344	47,657	51,777	57,413	61,635	69,272	79,864	55.9%
North America	19,744	22,218	24,023	24,801	25,760	31,490	34,324	37,112	26.0%
Europe (including the UK)	14,290	14,058	13,863	13,838	12,901	14,404	16,976	16,633	11.6%
Other Caribbean countries	5,248	6,339	6,673	6,941	6,879	7,682	8,529	9,162	6.4%
Africa	96	164	125	29	-	-	11	5	0.0%
Other countries	116	145	135	159	137	226	198	156	0.1%
Total	**79,742**	**88,268**	**92,476**	**97,545**	**103,090**	**115,437**	**129,310**	**142,932**	**100%**

GK's vision of being a global consumer group includes achieving 70% of our revenue outside Jamaica. In 2022, our Group generated 44.1% of our revenue outside Jamaica. North America accounted for 26.0% of our total revenue, compared to 26.5% in 2021. European markets, including the UK, moved to 11.6% of total revenue in 2022, compared to 13.1% in 2021.

STATEMENT OF FINANCIAL POSITION REVIEW

During 2022, the marginal growth in our Group's asset base was mainly attributable to capital expenditure of $3.8 billion on fixed and intangible assets. This was due to increased investments in our manufacturing plants and retail chain stores, as well as significant investments in information technology (IT), including the expansion of our GK Digital Factory in 2022.

The 2.7% decrease in GK's liabilities was primarily due to a decline in repo liabilities due to repayment of $7.2 billion and an increase in customer deposits of $4.5 billion.

The growth in our Group's equity was largely due to net profit attributable to stockholders of $7.0 billion for the year and other comprehensive loss for the period of $0.7 billion. The other comprehensive loss was primarily due to losses on remeasurement of post-employment benefit obligations and foreign currency translation adjustments related to our overseas subsidiaries.

STOCKHOLDER RETURN

In 2022, GK's stock price recorded a decline of 17% on the Jamaica Stock Exchange (JSE), closing at $83.22 on December 31, 2022 ($100.02 on December 31, 2021). The JSE's Main Index also experienced a decline of 10.2% for the same period amid the increase in interest rates and the inflationary environment. Our dividend pay-out during the year amounted to $2.0 billion or $2.00 per share, the highest amount paid out in GK's history. A dividend pay-out of approximately $1.9 billion was recorded for the previous year.

As at December 31, 2022, the GK stock traded at a price-earnings multiple of 11.74 times on the JSE, a decline from the 2021 multiple of 12.09 times. At year-end, book value per share was $72.66, and the GK stock traded at a price to book value of 1.15 times declining from 1.46 times at the end of 2021.

In March 2023 we announced that GK will be launching a share buy-back, subject to the approval of our regulators. The proposed share buy-back is being implemented because we consider our share price to be below its true value. The buy-back is an opportunity to enhance shareholder value by helping to raise earnings per share.

SEGMENT ANALYSIS

GK earns in four major segments: Food Trading, Banking & Investments, Insurance, and Money Services. The summary segment performance in 2022 was as follows:

- Our **Food Trading** segment reported an increase of 2% in pre-tax profits, primarily due to growth in revenues from key products;
- Our **Banking & Investments** segment reported a 53% increase in pre-tax profits, mainly due to the improved performance of GK Investments and SigniaGlobe in Barbados;
- Our **Insurance** segment reported a 10% decline in pre-tax profits, primarily due to higher claims and a challenged investment portfolio, which was impacted by the volatility of the stock market; and
- Our **Money Services** segment reported a decline of 20% in pre-tax profits, partly due to reduced remittance inflows into Jamaica.

Pre-tax profit was earned in the following proportions:

- Food Trading: 54%, up from 47% in 2021;
- Money Services: 32%, down from 34% in 2021;
- Insurance: 12%, flat compared to 12% in 2021;
- Banking & Investments: 11%, up from 6% in 2021; and
- Corporate and other: -9% compared to 1% in 2021.

FOOD TRADING

GK's Food Trading segment operates in Jamaica and internationally.

In the Jamaican market, GK Foods operates through our sales and distribution businesses, GFS, CBL and WBS; our retail business, Hi-Lo Food Stores; and our manufacturing business, which has five factories in Jamaica: Grace Food Processors (GFP) (Meats), NALCAN, Grace Agro Processors (GAP) (Hounslow), GAP (Denbigh) and Dairy Industries Jamaica Limited (DIJL).

Our Jamaican food distribution business achieved double digit growth in both revenue and PBT when compared with prior year. WBS, which celebrated its 20th anniversary in 2022, was an exceptional performer, earning double-digit growth in both revenue and PBT. CBL also had strong results, posting double-digit growth in revenue and PBT.

Hi-Lo Food Stores had a successful year, showing growth in revenue and PBT. In October 2022 Hi-Lo opened a new supermarket in Negril, Jamaica, representing an investment of $400 million by GK. The new store has exceeded our expectations to date. *Hi-Lo Online* continues to be an additional touchpoint for our customers' convenience.

GK's manufacturing business ended 2022 with a double digit increase in revenue compared to prior year. PBT was negatively impacted by global supply chain challenges and increased packaging costs. DIJL remained a consistent performer, growing both revenue and PBT. GFP (Meats) was also a strong performer and achieved record production of vienna sausages in response to high demand. GAP Denbigh also recorded a marked increase in production of canned ackees, doubling its 2021 volumes.

The merger of the National Processors and GFP Canning manufacturing facilities into NALCAN was completed by the end of 2022, bringing the number of GK's Jamaican factories down from six to five. The decision to merge the operations of the two factories is in keeping with GK's objective to increase exports from 30% to 50% of our manufactured output by 2025, and to significantly increase domestic production.

Considerable savings are to be realised in transportation costs, reduced export consolidation expenses, and improved administrative efficiencies. Production at NALCAN began in January 2023.

In keeping with GK's new Energy Policy, which was launched in 2022, our Jamaican foods business also made a significant investment of approximately US$3 million in energy efficiency projects last year. This included the installation of solar power grid-tied systems at the new Hi-Lo in Negril and at GAP Denbigh, which are projected to meet approximately 50 - 60% of the energy needs at each location.

GK's international food business delivered mixed results in 2022. Revenue grew compared to prior year; however, the performance of the business continued to be impacted by inflated distribution costs and supply chain challenges. The marked depreciation of the Canadian Dollar (CAD) and British Pound Sterling (GBP) against the Jamaican Dollar (JMD) also significantly impacted our results.

GraceKennedy Foods (USA) LLC (GK USA) recorded strong revenue growth; however, PBT declined due to higher than anticipated demurrage costs early in the year. Grace Foods UK Limited (GF UK) performed well in its home currency, GBP, recording revenue and PBT growth; however, the company's performance was muted when its results were converted to JMD. Grace Foods Canada Inc. reported revenue above prior year, but PBT was negatively impacted by high freight costs and supply chain challenges. That company's performance was also muted due to the depreciation of the CAD against the JMD. Grace Foods Latin America and the Caribbean (GF LACA) performed well, reporting an increase in both revenue and PBT.

FINANCIAL SERVICES

Our 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.

Within GK's Banking & Investments segment, GK's commercial bank in Jamaica, FGB, delivered creditable financial performance. Growth was achieved 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 with a notable increase in revenues and PBT. GK Capital successfully executed three IPOs which accounted for 50% of all IPOs completed on the JSE during the year.

GK's Insurance segment recorded growth in revenue, however profits declined due mainly to higher than anticipated claims costs related to inflation. GK Life recorded its first full year as a subsidiary of our Group, with a strong contribution to our performance. Premium income and profitability for its first year were strong, and its claims loss ratio continues to be favourable. GKGI delivered a solid performance in 2022 with double digit growth in both revenue and PBT. In 2022 Key Insurance Company Limited exceeded its prior year revenue; however, its underwriting performance was negatively impacted by higher claims. By comparison, in 2021 the company recorded a non-recurring benefit resulting from the adjustment of its reinsurance programme. Canopy Insurance Limited closed the year recording revenue growth; however the company's performance was adversely affected by increased medical inflation and claims costs.

Our Money Services segment, GraceKennedy Money Services (GKMS), had a challenging 2022, as reduced foreign exchange inflows to Jamaica negatively impacted our remittance 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.

OUR TEAM

At GK our team is our greatest asset, and as we marked our 100th year in operation in 2022 we celebrated their hard work and sterling contribution to the success of our business. We continued to chart new courses in the development of our team, who showed resolve and resilience in the face of various challenges. We maintained our focus on attracting the best talent and developing and retaining highly skilled and engaged people.

HUMAN RESOURCE DEVELOPMENT POLICIES & PRACTICES

GK is well-positioned as an attractive employer and continues to be an employer of choice. We leveraged this strong reputation with a combination of activities geared towards bringing alive the components of our employee value proposition for both our current GK team and prospective employees.

We continued to employ and retain the best industry talents, supported by a world-class human resources (HR) technology platform, SAP SuccessFactors, which enhances the recruitment and onboarding processes. We established and maintained critical partnerships with tertiary institutions, external training agencies and professional service providers to strategically build an active talent pool and to further develop the skills of our team.

Our human resource development policies and global mobility practices were revisited and updated to incorporate succession planning activities. We continued our leadership development through secondments and training activities.

WORK ENVIRONMENT & EMPLOYEE ENGAGEMENT

As an organisation, we were presented with many learning opportunities from the COVID-19 pandemic. One major impact of the pandemic was the way we work, and in 2022 we implemented measures to maintain our high performing culture within our new normal, hybrid workplace. We continued to facilitate an inclusive working environment which caters to the needs of all. Our revised Flexible Work Arrangement (FWA) policy offers several ways of working, whilst fostering the physical interaction and camaraderie, necessary for engagement.

We also continued our drive to ensure that any GK team member who wanted to get vaccinated against COVID-19 could do so. This has led to approximately 91% of our team being vaccinated.

The input of our employees is always sought and valued in the development of our HR policies, processes, practices, and initiatives. We utilised feedback from our 2021 annual employee engagement survey to inform the improvement plans for the year. We continued initiatives designed to ensure the mental and physical wellbeing of our staff, as we navigated our transition out of the pandemic. These wellness initiatives targeted the whole person, including access to and sessions with trained psychologists, and encouraging preventive health care and physical activity. We also announced the introduction of our new Paternity and Wellness Leave Policy to support the well-being and work-life balance of our team.

Our leadership and HR teams connected with staff through fun and engaging activities throughout the year, including our Employee Appreciation Week and GK100 events (page 47-50). The teams were particularly excited to participate and reconnect when face-to-face activities resumed later in the year.

GK's employee engagement score fell below our 70% target but remained above the global benchmark of 65%. Our 2022 results present us with an opportunity to implement innovative engagement strategies which are better suited to our new hybrid work environment.

STRATEGIC SKILLS DEVELOPMENT & SUCCESSION MANAGEMENT

Capacity building was one of the main areas of focus in our 2022 HR strategy. We applied a strategic approach to building our talent pool and invested in the development of critical skills and competencies required to support our business strategy. Additionally, we sourced talent with the skills required to drive innovation and improve our digital focus, whilst building core capabilities throughout the Group.

In 2022, we launched our GK Digital Institute Internship Scholarship Programme, developing the digital skills of students from four major universities in Jamaica. The interns applied these skills to the improvement of our business processes and drove innovation in GK's Digital Factory and other key areas of our Group.

In partnership with external agencies and professional facilitators, we provided various development opportunities for our team members based on identified needs and our strategic skills requirements. Some of the training covered included agile capabilities for leaders and staff; digital and data analytics, category management, sales management, leading with emotional intelligence; and strategic thinking and critical analysis.

Leadership development remained a priority as we maintained our focus on building our leadership pipeline. As part of the GK Diamonds Programme, 20 future GK leaders were exposed to training and professional development workshops covering digital marketing, consumer insights, project management and change management. Job rotation opportunities were also created through this programme.

Fourteen first-tier supervisors graduated from the 2020 Supervisory Development Programme (SDP), and 18 team members who were enrolled in the 2021 cohort continued their participation in the programme. We also finalised preparations for 15 senior leaders to take part in the 2023 cohort of the Senior Leaders Development Programme (SLDP).

Another key strategic driver for our HR team was to strengthen our succession management by investing in the development of potential successors for their future roles. Several internal promotions at the leadership tier have resulted from this ongoing focus.

CAREER MOBILITY & RETENTION

Employee feedback has indicated that the potential for career growth within our diverse GK Group is a key retention factor. We executed several initiatives in 2022 to support talent mobility and our team was kept informed of internal job opportunities. Career discussions between managers and direct reports continued to be encouraged, providing a forum for supervisors to share advice on how to achieve career goals. Through these efforts, several team members successfully advanced within the Group in 2022 and our Company maintained a high retention rate.

TOTAL REWARDS

Individual and team performance is rewarded through various incentive schemes and formal reward and recognition programmes. In 2022, we continued the roll out of our revised incentive schemes and recognized employees who demonstrated excellence in leadership, innovation, and who had achieved other key performance indicators. We also issued Total Rewards Statements for each employee and reminded our team members of the many benefits they can enjoy as part of our Group.

GK100 Share Offer

As part of our 100th anniversary, we made it a priority to give back to our team. In 2022 GK was pleased to provide eligible employees with the opportunity to participate in a special GK100 Share Offer. The offer, which was geared at broadening the share ownership of the GK team in our Company, included a gift of GK shares with an allotment for purchase at a discounted price. The initiative received positive feedback from our team and the take up of the offer was significant.

SPORTS

Following a nearly three-year hiatus due to the COVID-19 pandemic, our Sports, Arts & Culture (SPARC) programme was able to resume face-to-face activities in the second half of the year. SPARC hosted our inter-company netball and football competitions in September and October 2022 respectively. The competitions were infused with much excitement and great camaraderie as teams, supporters, and officials came together to participate in the events.

The ISSA/GraceKennedy's Boys' and Girls' Championships (Champs) took place between April 5 and April 9, 2022, at the National Stadium in Kingston, Jamaica.

Since 2007 Champs has been GK's single largest sponsorship each year and we are proud to have remained title sponsor of such an iconic event. In 2022 our sponsorship amounted to over $88 million and through our Executive Office, Grace and Western Union brands, and FGB we also injected an additional $55 million dollars into the event through promotional activities. GK sees our support of Champs as a major investment in youth, schools, sports development, and Jamaica.

For the first time since the outbreak of COVID-19 in Jamaica, spectators were allowed in the stands to cheer on their favourite secondary school athletes who competed in the prestigious track and field event. In celebration of our 100th anniversary, the winners of the 100m and 4x100m finals and their schools received a special prize of $100,000 from GK. Our GK100 All Stars team represented GK in the sponsors race and emerged winner of the inaugural event.

OUR COMMUNITIES

Corporate social responsibility (CSR) is at the heart of who we are as a Company. Our *We Care* ethos and core values, *Honesty, Integrity* and *Trust*, mean that as a global corporate citizen, GK consistently pursues causes that are important to our team, our customers and consumers, shareholders, and the communities we serve around the world. In 2022, our GK team, led by our two Foundations, the GraceKennedy Foundation (GKF) and the Grace & Staff Community Development Foundation (Grace & Staff), executed over 100 CSR activities, or *Acts of Grace*, in celebration of our 100th anniversary.

In 2022 GK expanded our focus on supporting the communities we serve by adopting an Environmental, Social and Governance (ESG) framework for our business. Although there are no stock exchanges in the Caribbean which currently require ESG disclosures, GK aims to be the regional leader in this regard and our approach must be world class, in keeping with current trends in the other markets we serve.

To learn more about GK's 2022 CSR activities and our ESG agenda please see page 51.

RISK MANAGEMENT & INTERNAL CONTROLS

The unpredictability of our operating environment in 2022 reinforced the view that risk management is non-negotiable, and that only organisations which evolve continuously will be able to thrive in the face of a more dynamic risk environment.

Our Group's operations are underpinned by an enterprise risk management (ERM) framework. This ERM framework enables a strong culture of risk management and promotes risk awareness to inform sound operational and strategic decision making. ERM also ensures that we have a consistent approach to monitoring, managing, and mitigating groupwide risk exposures through our robust system of internal controls.

2022 REVIEW

2022 presented various headwinds which increased inherent risk and unpredictability in the markets, industries, and business segments in which we operate. Challenging macroeconomic conditions associated with the ongoing COVID-19 pandemic negatively impacted our business, with supply chain backlogs driving costs, inflation surpassing targeted levels and central banks in our operating markets implementing aggressive policy measures to address inflation and foreign exchange volatility.

During this period of economic uncertainty, our Risk Management team maintained effective and efficient risk governance practices, including ongoing assessments of emerging risks, stress testing, and reviews of existing and new strategic initiatives. This ensured that critical measures were implemented to respond to the emerging challenges being faced by our business.

RISK MANAGEMENT FRAMEWORK

Our ERM Framework has transitioned through several different maturity levels since implementation. We have evolved our approach to the management and governance of enterprise-wide risks in response to our increased focus on digital transformation and diversification through M&A.

We actively identify, analyse, mitigate, monitor, and report on, the identifiable or foreseeable risks inherent in our strategy and operations. We also design and implement robust internal controls to reduce any impact of inherent risks to acceptable levels, in line with our approved risk appetite statement.

Through ERM, we report on current and emerging risks on an ongoing basis. Our approach focuses on:

i. promptly resolving internally identified risks and ensuring compliance with laws and regulations to maintain quality products and services;

ii. supporting strategies to ensure the effective use of resources which enable an optimized, proactive approach to auditing, identifying and remediating compliance issues, and promoting reporting and monitoring across compliance functions;

iii. enabling improved decision making, planning and prioritization through the assessment of opportunities and threats; and

iv. helping to drive value creation by enabling management to respond in a prompt, efficient and effective manner to future events that create uncertainty and/or represent a significant threat or opportunity.

Our risk governance system is based on several levels of oversight and management processes which bring together reports on the management of strategic, financial, and emerging risks at various levels within the organisation.

The diagram below sets out the risk governance structure in our operations, showing the interaction between the various risk review and management committees.

ESTABLISHES RISK CULTURE AND RISK PROFILE

- Sets and approves risk appetite and risk tolerances
- Approves top risks and strategic initiatives

EVALUATES THE EFFECTIVENESS OF RISK MANAGEMENT

- Reviews and endorses top risks
- Reviews and endorses risk appetite

KEY RISK OWNERS

- Identifies, assesses, quantifies, reports and manages key risks
- Reviews and approves risk registers/key controls

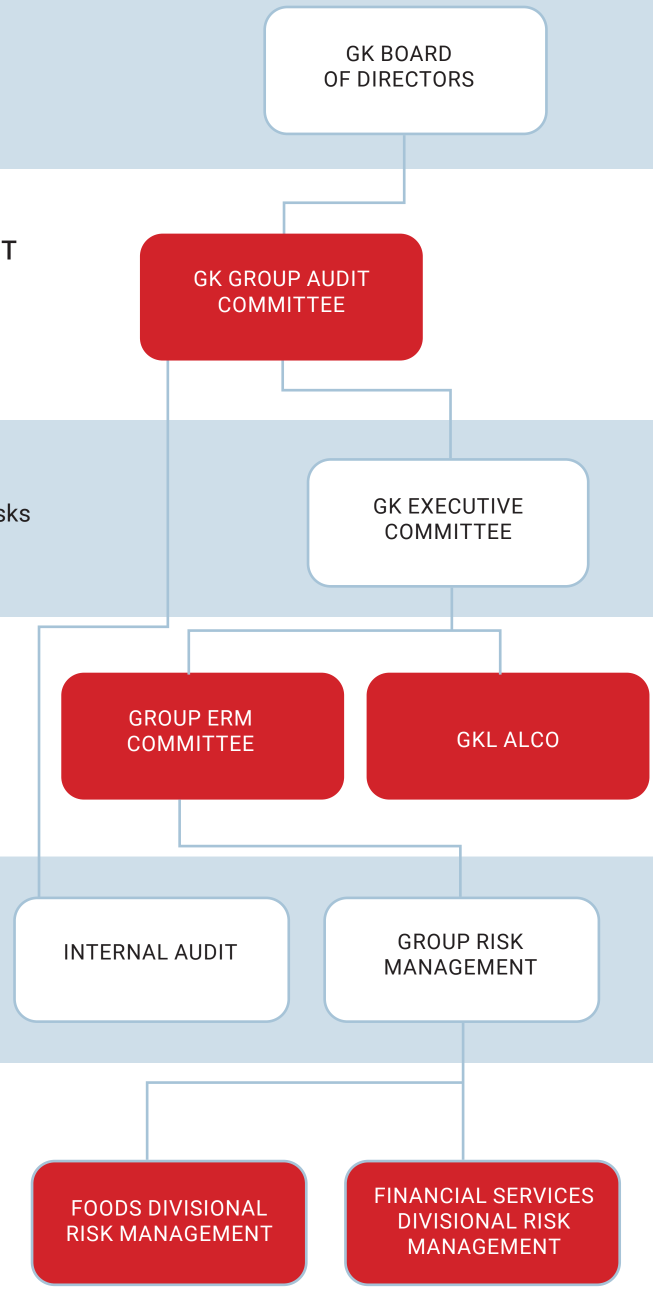
PROVIDES RISK OVERSIGHT

- Provides oversight of risk and controls
- Ensures continued relevance of risk appetite statement

PROVIDES RISK ASSURANCE TO MANAGEMENT, AUDIT COMMITTE AND BOARD

- Collaborate with management on strategic and operational risk assessments

AIDS BUSINESS UNITS IN IMPLEMENTING DAY TO DAY MANAGEMENT OF KEY BUSINESS RISKS



Our ERM Framework is supported by key pillars that ensure there is ongoing management of all risk exposures inherent to our business operations. Key components of our ERM framework include:

1. **Board-Approved Risk Policy** which governs our risk management framework. This policy clearly outlines the responsibilities of our Board of Directors, Group Audit Committee and Management. In summary:

    - The **Board of Directors** is ultimately accountable for establishing our Group's risk profile and ensuring that management has appropriate policies and internal controls embedded in our operations in respect of risk management.
    - The **Group Audit Committee** evaluates the effectiveness of our risk management processes and activities and provides assurance to Management and the Board in respect of the same. The Group Audit Committee is charged by our Board with the responsibility for overseeing the Risk Management Programme on its behalf, in accordance with its terms of reference. Group Internal Audit (GIA) provides independent assurances to the Group Audit Committee that GK's internal controls are effective. GIA's assessment of internal controls is based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO Internal Control Framework), and all audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
    - **Management** is responsible for identifying, assessing, quantifying, reporting on, and managing all risks within their lines of business. Management is accountable to our Board for designing, implementing, and monitoring the Risk Policy and the process of risk management, and integrating it into the day-to-day activities of our Group. Management ensures alignment of our business strategy with corporate culture, appetite, and policy.

2. **Our Risk Appetite Statement** defines the level of risk which our Group is willing to undertake and informs decision making at all levels. It also provides a common understanding between our Board and Management, and guides risk appetite statements at the subsidiary level.

3. **Our Governance Framework** supports formal reporting by our company executives on risk and control issues, control self-assessments and the results of internal and external audit reports.

4. **Our Risk Assessment Reporting Standard** identifies the mandatory requirements or activities relating to risk assessment and mitigation.

5. **Our Risk Assessment Guidelines** outline how all areas of our business must identify, evaluate, manage, monitor, and report on risks on an on-going basis, inclusive of the need for a mitigation plan for any risk rated as high or moderate.

6. **Our Self-Audit Guidelines** and accompanying tool kit have been designed to encourage our businesses and support units to proactively identify and act quickly on process and control weaknesses.

SIGNIFICANT RISK CATEGORIES

As we continue to diversify and grow earnings from markets outside of Jamaica, the significant risk exposures impacting GK are briefly outlined below:

Strategic Risk

Strategic risk is any risk that could hinder GK's ability to achieve our strategic objectives. Successful strategic risk management is therefore critical in protecting shareholder value, by ensuring our business has properly assessed potential risks to our strategy and has developed an appropriate course of action to mitigate any exposure. Risk management is therefore embedded within our annual strategic planning sessions, which are conducted at both the subsidiary and Group levels. To ensure that this risk is appropriately managed, regular assessments are conducted throughout the year.

Operational Risk

Operational risk arises where inadequate or failed internal processes, people and systems or external conditions are present. We address this risk by

i. holding all employees accountable for managing risk and the internal control environment, and providing them with the mechanism to report violations of policies, procedures, and laws by way of our Whistleblowing Policy and annual disclosure programme;
ii. ensuring GIA conducts regular reviews to provide assurance that the risk and internal control frameworks are operating effectively; and
iii. establishing standards for assessing, managing, monitoring, and reporting risks.

To ensure minimum disruption to our business operations due to external factors, including natural disasters, a comprehensive Business Continuity Plan - which is revised on an ongoing basis – is in place for all entities within our Group.

Insurance Risk

Insurance risks increase where there is a lack of diversification in the type and amount of risk and its geographical location. It is critical that an appropriate balance is maintained between commercial and personal policies and types of policies based on guidelines set by our Board of Directors. Insurance risk arising from our insurance contracts is, however, concentrated within Jamaica. Within the solvency requirements of the insurance regulators, an appropriate reinsurance programme has been established to reduce exposures in all classes of our business. We reduce our capital exposure to an acceptable level, using very highly rated international reinsurers. Our Insurance segment is also diversifying risk through its regional expansion.

Credit Risk

Credit risk is the risk that customers, clients, or counterparties will cause a financial loss for our business by failing to discharge their contractual obligations. Management carefully controls our exposure to credit risk. Credit exposures arise primarily from receivables from customers, agents, lending and investment activities, and amounts due from reinsurers, insurance contract holders and insurance brokers. Credit risk also presents itself in off-statement of financial position financial instruments, such as loan commitments. The levels of credit risk we undertake is structured by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties, and to geographical and industry segments.

Additionally, credit-related commitment risks arise from guarantees, which may require payment on behalf of customers. Such payments are collected from our customers based on the terms of their letters of credit. These expose our Group to risks which are similar to loans and are mitigated by the same control policies and processes.

Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose our Group to cash flow interest risk, whereas fixed rate instruments expose our Group to fair value interest risk.

The respective boards in our Group manage interest rate risks by establishing limits on the mismatch of interest rate re-pricing, along with having an appropriate mix of fixed and variable rate instruments and managing the maturities of interest-bearing financial assets and liabilities. Interest rate risks increased in 2022 and continue to be an area of exposure that we will monitor closely in 2023, as central banks continue to manage inflation.

Information Technology Risk

IT risk is any threat to GK's business data, critical systems and business processes associated with the use, ownership, operation, involvement, influence, and adoption of IT. IT risks have the potential to damage business value and may emanate from poor management of processes, strategic initiatives, and operational events.

GK's IT risk spans a range of business-critical areas, including:

i. **Security** – potential compromise of business data due to unauthorised access or use;

ii. **Availability** – inability to access mission critical IT systems and applications needed for business operations;

iii. **Performance** – reduced productivity due to slow or delayed access to IT systems and mission critical operations; and

iv. **Compliance** – failure to satisfy laws and regulations governing IT-driven business processes (e.g., data protection).

We manage these risks by establishing, maintaining, and continuously updating our Enterprise Information Security Management Framework.

Regulatory and Compliance Risk

GK is subject to stringent regulatory and compliance obligations which are applicable to the operations of both our Foods and Financial Services divisions.

As a publicly listed entity, we are also subject to the regulatory requirements of both the Jamaica and Trinidad & Tobago Stock Exchanges. Failure to comply with these regulatory requirements could result in financial loss, reputational damage, and loss of operating licences.

We measure, track and report on any regulatory and compliance risks which may result in our Company facing material sanctions, fines, and penalties. Across our Group, we address these risks through robust compliance, quality, and safety programmes which require:

- ongoing training of employees on regulatory requirements;
- implementation of Board-approved policies, procedures and processes that address regulatory obligations, including ongoing compliance monitoring activities, reporting to designated authorities, and customer, employee, agent and third-party due diligence;
- designation of Board-approved compliance officers, who report as needed to regulatory authorities; and
- independent testing of our compliance programme by internal and external auditors.

Cybersecurity Risk

Our focus is on providing flexible, up-to-date, and secure technology platforms for our team. We must, therefore, continuously improve our network monitoring and authentication systems, to proactively respond to potential cybersecurity threats. To minimise any potential business disruptions associated with cybersecurity threats, emphasis is placed on improving our Incident Management Response Procedures.

The implementation of GK's Data Privacy Framework is an ongoing initiative in response to global regulatory requirements related to data security. The implementation of the framework has been completed in some jurisdictions, and we continue roll out in the other markets where we operate.

GROUP INTERNAL AUDIT

INTERNAL CONTROLS

Management and our Board acknowledge their overall responsibility for maintaining and establishing a robust internal control framework for GK, and for reviewing the effectiveness of these controls. Internal controls are designed to assist in the evaluation, management, and mitigation of the risks to achieving our business objectives and provide reasonable assurance against misstatement or loss. GIA reinforces the control framework by providing independent assurance that our risk management, governance, and internal control processes are operating effectively and efficiently. This includes reviews of the IT, security, operational and financial performance, key business, strategic and enterprise-wide risks as well as the compliance framework of the Group.

GK continued to face the impact of the COVID-19 pandemic in 2022, which required groupwide agility to ensure consumer and customer needs were still being met, despite massive industry disruption. In such an operating environment, a robust internal control environment was even more critical.

As an integral part of GK's corporate governance structure, our GIA unit and its activities, are guided by its Charter which is reviewed annually and approved by our Board, to whom it reports to independently (through the Group Audit Committee) on the effectiveness of the governance structure and risk management framework.

GK's system of internal controls is based on the control criteria framework of the COSO Internal Control Framework and the Control Objectives for Information Technologies (COBIT).

The system is designed to provide reasonable assurance that:

- GK's control activities are effectively protecting against unnecessary risks;
- transactions are appropriately authorised and recorded;
- assets are safeguarded;
- accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles; and
- clear policy development and good practice for IT controls are in place throughout our Group.

GIA's assessment of internal controls is based on COSO and COBIT, which evaluate the internal control measures adopted by Management, with all audits being conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. Further, Management continues to maintain these internal controls through self-audits and ongoing monitoring.

GIA meets regularly with the various subsidiary audit committees and boards throughout the Group, as well as with the Group Audit Committee, providing information on key risks identified during the audits, along with the implementation status of recommendations made.

The Group Audit Committee oversees the Internal Audit function, reviewing GIA's assessment of the adequacy and effectiveness of our internal controls, compliance with legal, statutory, regulatory, and other requirements, and management of risk. Control issues identified through the work of the internal and external auditors are reviewed by and discussed with the Group Audit Committee.

The Committee, during its activities, also received reports from various members of management on significant accounting and tax, legal, regulatory, risk, fraud, and whistleblowing-related matters, as well as matters pertaining to IT and security. The Group Audit Committee Chair reports to the Board on all significant issues considered by the Committee. The Group Audit Committee met five times in 2022.

The Terms of Reference of the Group's Audit Committee are reviewed annually and approved by the Board. The various audit committees across our Group have oversight responsibility for:

i. the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting;
ii. internal audit functions;
iii. risk management functions and processes;
iv. qualification, independence and performance of the external auditors of our Company;
v. the system of internal controls and procedures established by Management, and reviewing their effectiveness; and
vi. our compliance with legal and regulatory requirements.

GK's commitment to internal controls, ethics and integrity are reinforced through our Code of Ethics, Anti-Fraud and Whistleblowing policies and our whistleblowing hotline. GIA in conjunction with Group WSecurity continued to promote our whistleblowing hotline, which is administered by an external provider, as a method of facilitating the anonymous reporting of suspicious activities across our business.

QUALITY ASSURANCE

GIA prides itself on maintaining the highest standards of audit as dictated by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and its corresponding Code of Ethics.

The unit's quality assurance programme is documented, continuous, and monitored and reported on to the audit committees across our Group. On an annual basis, GIA conducts detailed self-assessments, and every five years an external assessment of the unit and its work is conducted by a reputable third party.

In 2022, the Institute of Internal Auditors conducted an assessment of GK's Internal Audit function. Our GIA unit achieved the highest rating issued by that body.

SIGNIFICANT ACTIVITIES AND MILESTONES

GIA continued to improve its quality and effectiveness during 2022 with a focus on continued client support and relationship building; and greater use of technology to drive efficiency and widen the scope of areas it reviews. Key activities included on-going internal quality assurance, consultative and peer reviews, as well as training, certification and education programmes and exposure for the GIA team.

In 2022 GIA also:

- Formulated and agreed with the Group Audit Committee, GK's audit plan, strategy and scope of work; ensuring the annual internal audit plan was designed to assist in attaining our strategic objectives;
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, and assessed the adequacy and effectiveness of our internal control system;
- Assessed business continuity management at the Group and subsidiary levels;
- Conducted assurance reviews and analysed and assessed key business processes, and made recommendations to improve their effectiveness and efficiency;
- Provided strategic support through consultative reviews and participation in strategic planning discussions;
- Reviewed the adequacy and effectiveness of Management's processes for risk management, internal control and governance;
- Provided consultative services for key projects across our Group;
- Reviewed the internal audit charter for possible modification and approval by the Group Audit Committee and Board;
- Reviewed means of safeguarding our Group's assets;
- Coordinated audit efforts with and provided support to the external auditors;
- Provided consultative support to Management pre- and post-major system and project implementations, to evaluate the extent to which adequate controls had been incorporated in the respective systems and processes;
- Formal review of policies, procedures and guidelines related to the internal audit function; and
- Ensured the control environment remained robust while GK continued to navigate the COVID-19 pandemic.

During the period under review GIA conducted 78 audits, with a focus on regulatory compliance, IT governance and security, financial controls, cash management and the general control environment.

RECOGNITION & AWARDS

For the second consecutive year, GK was the proud recipient of the Governor General's Award for Excellence at the JSE Best Practices Awards. This 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 Private Sector Organisation of Jamaica/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.

In 2022 GK's food businesses also received several national 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.
- GF LACA was awarded the Jamaica Manufacturers and Exporters Association Governor General's Award for Exporter of the Year.

These awards demonstrate that GK is not only performing well, but doing so in accordance with the highest standards, guidelines and best practices established by the JSE and industry organisations as benchmarked against our counterparts around the world.

FUTURE OUTLOOK

Certain statements contained in the Management Discussion & Analysis of financial condition and results of operations are forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industries, businesses, and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in other sections of this Annual Report.

KEY FOCUS AREAS FOR 2023

Our GK team has rallied around a new vision of what our Company will look like in the next decade. Our 2030 vision is to be the #1 Caribbean brand with Jamaican roots and a global reach, by building on our core pillars of Foods and Financial Services to provide strong returns to our shareholders and improve the quality of life of our team members, customers and the communities we serve. Our purpose is defined as bringing superior products and services to customers that contribute to a better global society and greater financial well-being.

Both our vision and purpose are rooted in our ESG commitments, which are now key tenets of our responsible management philosophy. Our core values of *Honesty, Integrity* and *Trust*, and our *We Care* ethos continue to guide us in all that we do.

As we look to the future of our business, we recognise the importance of the people who make up our GK Family in achieving our 2030 vision - our GK team, customers, business partners, shareholders, and the communities we serve around the world. Accordingly, in 2023 we will be guided by the theme:

Building a bright future together through great people. Our story continues.

In 2023 GK will continue to pursue ventures and initiatives that accelerate the pace at which we extract value from our strategic investments and move forward with our long-term strategy.

Our key strategic focus areas will be:

- pursuing growth opportunities through M&A and strategic partnerships and ensuring the successful integration of acquired companies;
- improving our operational efficiency on a company-by-company basis;
- ensuring growth in revenue and profitability for GK USA and GF UK;
- ensuring growth of our Grace and Grace-owned brands locally and internationally;
- optimising logistics and supply chain management;
- improving the performance of our remittance business;
- growing our insurance segment through M&A, and expanding into new markets while increasing the profitability of recent acquisitions;
- transforming FGB digitally;
- achieving the digitization targets of our GK One mobile app; and
- strengthening succession planning and strategic skills development.

Our strategy for 2023 and beyond includes bold ambitions towards achieving our 2030 vision, and we continue to align our strategic initiatives in four pillars:

- Growth and Sustainability
- Customer Centricity and Innovation
- Operational Efficiency
- Performance-driven Organisation

GROWTH AND SUSTAINABILITY

Our growth and sustainability drive continues and forms a significant component of our 2030 plans and objectives. In 2023 there will continue to be a strong focus on Digital Transformation, growth of our Grace and Grace-owned brands locally and internationally, and continued expansion of our Financial Services reach across the Caribbean region.

In 2023 significant emphasis will be placed on bolstering the performance of our remittance business through marketing, pricing, agency network optimization, customer experience and compliance. This is being executed in collaboration with our principal, Western Union.

A key priority for 2023 will also be expanding digital access to our products and services through the launch of our GK One app in Trinidad & Tobago and Guyana, and enhancement of our Hi-Lo e-commerce platform.

We will also focus on expanding our Insurance segment and increasing the profitability of recent insurance acquisitions.

Grace and Grace-owned brands will benefit from new product development (NPD), an extensive promotional and media campaign, and the expansion of our online distribution channels. We will continue to focus on increasing the profitability of our GK USA and GF UK businesses and extending Hi-Lo's footprint across Jamaica.

M&A will continue to fuel the inorganic growth of our Group. In early 2023 GK increased our stake in Catherine's Peak Bottling Company Limited, the owner of the Catherine's Peak pure spring water brand, from 35% to 70%. This places GK in a stronger strategic position within the Jamaican spring water market. GK also expects that our acquisition of SICL will be completed in early 2023, increasing GK Life's regional reach to 12 markets within two years.

CUSTOMER CENTRICITY AND INNOVATION

GK is committed to satisfying the diverse needs of our customers by providing them with superior products and services.

In 2023, we will continue to invest in and extract gains from the refresh of the Grace brand and improvement of the La Fe brand, to remain relevant and recruit new customers. We will also develop new products in new categories, consistent with consumer trends. Healthier, plant-based options, driven by our *Better for You* product category, will continue to be a key area of focus for our foods business.

An important tenet of customer centricity is customer experience. As such, we will expand the suite of digital products in our GK One mobile app. This gives our customers greater access to and interaction with GK in one place. GKFG will also implement a data analytics roadmap to drive NPD and cross-selling.

OPERATIONAL EFFICIENCY

GK remains focused on operational efficiency across our Group. The consolidation of National Processors (Nalpro) and GFP Canning into NALCAN will drive our manufacturing efficiencies going forward. In 2023 we will continue to improve manufacturing output through increased export sales and insourcing, while capitalising on co-packing and opportunities for private labelling.

Another major strategic initiative for our food business will be the implementation of logistics and optimization initiatives to strengthen our supply chain processes, relationships and structure. We will also complete the implementation of our Enterprise Resource Planning System (SAP S/4 HANA) which will further improve our operational efficiency. Continued service level improvement throughout our foods business will remain an area of focus.

In 2023 the key focus of our Financial Group will be to pursue operational efficiency within FGB, by expanding the bank's digital platform and capabilities. We will also optimise GKFG's shared services by standardising, enhancing, and automating policies and procedures to facilitate borderless operations. Robust compliance and governance frameworks will continue to be employed to ensure that our Group continues to operate at international best standards.

Full implementation of our new Energy Policy will continue in 2023. Implementation of this Policy is projected to recover approximately US$1 million in net energy costs annually for GK by 2026.

PERFORMANCE-DRIVEN ORGANISATION

A highly skilled and motivated team is fundamental to the success of achieving our long-term vision for GK. We recognize the critical importance of creating value for our team and fostering high employee morale throughout our Group. In 2023 we will use the results of our 2022 employee engagement survey to improve our team's experience.

We will maintain our focus on succession planning by executing development plans to ensure successor readiness. We have identified the strategic capabilities which are needed to future-proof our organisation and we will continue to develop and strengthen our team in this regard.

In early 2023 we relaunched our GK internship programme, which provides employment opportunities to recent Jamaican university graduates, with no prior work experience.

Our employees are our greatest asset, and we continue to implement strategies to attract, engage and retain talent in a dynamic and competitive environment. In 2023 we will implement employee engagement initiatives which enhance our GK culture and our teams' well-being in the hybrid work environment.

RISK MANAGEMENT & INTERNAL CONTROLS

As we continue to experience the lingering impact of the Covid-19 pandemic and geo-political instability, our operations are increasingly exposed to macro-economic risks. Challenging economic conditions could present more exposure to internal fraud, cybersecurity and data privacy breaches. Although GK did not experience any material incidents from these potential risks in 2022, in 2023, we will enhance the design and implementation of our Groupwide Conduct Risk Management approach, ensuring deeper integration of our conduct and reputation management processes with our ethics framework. We will define risk monitoring metrics at our risk registers and provide management with key insights and analytics around important trends.

Our ERM programme continues to evolve to ensure GK's risk management keeps pace with global advancements and to enable the group's 2030 vision. Ensuring that our inorganic growth strategy, operational efficiency and business process optimization initiatives, digital, technology and data driven strategies, all achieve their intended objectives will be key to achieving this vision. This will require making ongoing enhancements to our risk management approach, including onboarding of Data Privacy, ESG and Climate Risk Management domains in 2023.

In 2023, emphasis will be placed on increased risk intelligence and the use of analytics to provide the business with timely information to support decision-making. Additionally, our risk and compliance units will focus on:

a. supporting the pursuit of key business focus areas and the 2030 strategy;
b. assessing key emerging and top risk exposures (such as ESG and data privacy) and ensuring required controls and management strategies are implemented completely and in a timely manner to respond to those risks;

c. monitoring and assessing changes in the macroenvironment and conducting consolidated stress testing and sensitivity analysis at all levels, to determine possible impacts;
d. leading the implementation of GK's enterprise data privacy and protection framework;
e. streamlining and enhancing risk and compliance processes for greater focus and monitoring, including the implementation of a Governance, Risk and Compliance integrated software to enable greater efficiency and quality in groupwide risk management processes;
f. supporting key projects focused on improving efficiency and optimization of crucial business processes;
g. validating the effectiveness of internal controls through self-assessments;
h. providing transactional risk assessment support to the M&A unit;
i. enhancing business continuity planning and contingency management; and
j. executing improvements to the Group's risk and compliance framework.

In 2023 our GIA unit will focus heavily on our financial group, and will also continue to monitor the following at the Group level:

- continuous risk assessment, enhancing risk management and governance practices;
- key stakeholder priorities;
- compliance; and
- optimising internal audit processes and resources.

GIA will also continue its focus on training and leveraging technology to ensure it is equipped to meet new challenges in our ever-evolving business environment.

OUR COMMUNITIES

GK's commitment to supporting the communities we serve around the world will remain a priority in 2023.

We will continue our strong focus on CSR through the work of our Grace & Staff Community Development Foundation (Grace & Staff), GK Foundation (GKF), and our subsidiaries.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

GK has engaged Nasdaq ESG Advisory to support the development of our Environmental, Social and Governance (ESG) roadmap. In early 2023 Nasdaq began by conducting an ESG Materiality Assessment for GK which will provide insights into our operations and our major stakeholders' perceptions of key risks and opportunities for growth related to each dimension of ESG. Going forward we will continue to make public our ESG commitments, whilst developing and implementing our ESG roadmap based on the findings of the materiality assessment. Our first ESG report is scheduled to be published by the end of 2023. More information on GK's ESG journey can be found on page 52.

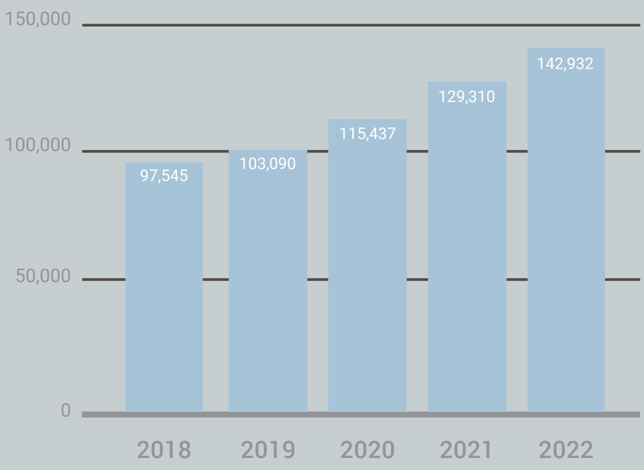
OUR 2030 VISION

GK's 2030 vision of becoming the number one Caribbean brand in the world sees our Group earning 70% of our revenues and profits outside of Jamaica. In 2023 we will continue working assiduously towards achieving this vision by continuing to:

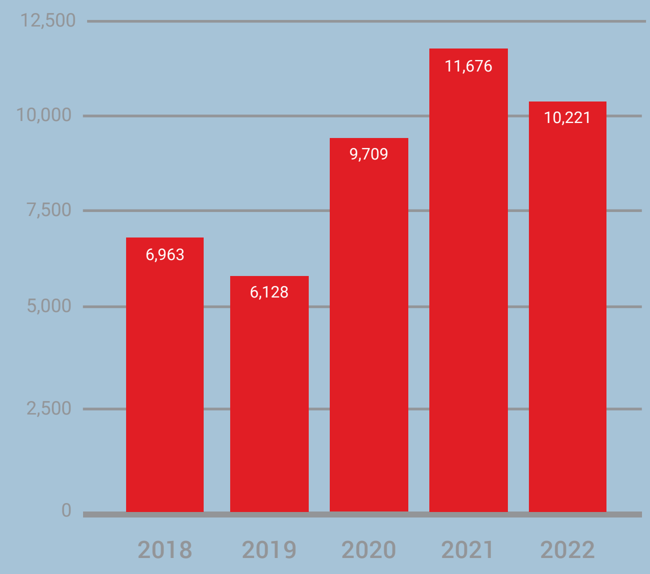
i. Pursue our objective to list GK on an international stock exchange, as we look forward to significant growth related to our geographic expansion in major food markets across USA, Canada, and the UK;
ii. Expand our financial services offering within the Caribbean; and
iii. Infuse ESG principles into our core business strategy to positively impact our global society and enhance the financial well-being of all our stakeholders.

With our highly skilled and motivated team aligned to our core values - *Honesty, Integrity, and Trust* – and driven by our *We Care* ethos, and people at the centre of all that we do, GK is well positioned to achieve our 2030 vision.

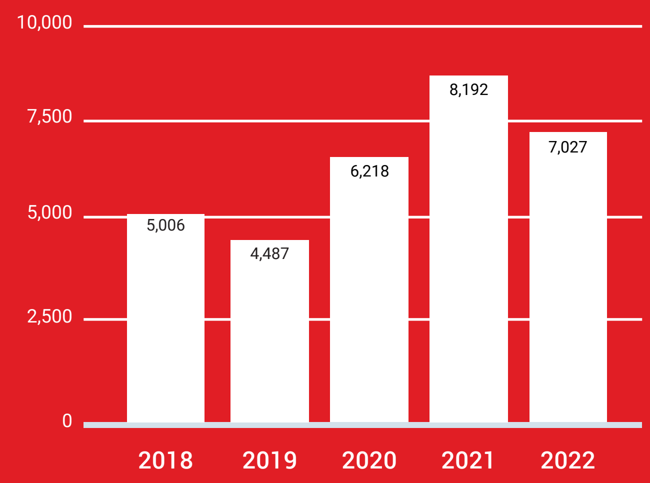
REVENUE
JA $ MILLIONS



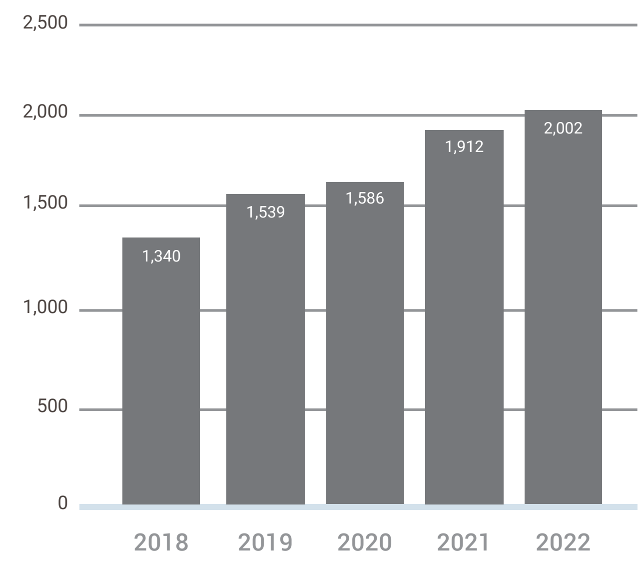
PROFIT BEFORE TAX
JA $ MILLIONS



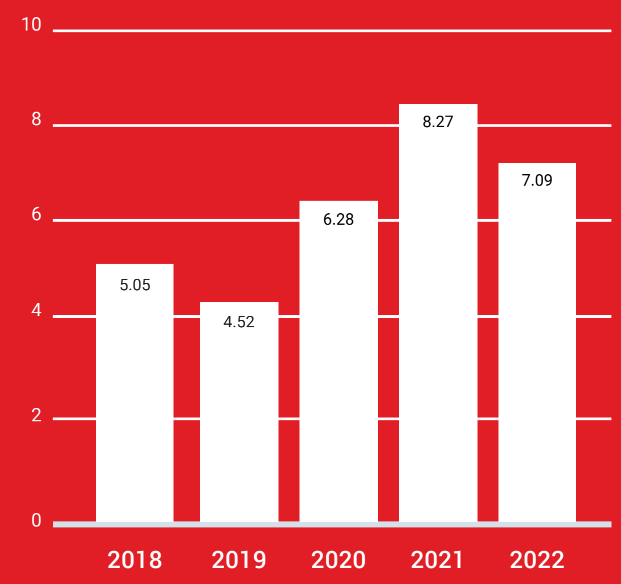
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS
JA $ MILLIONS



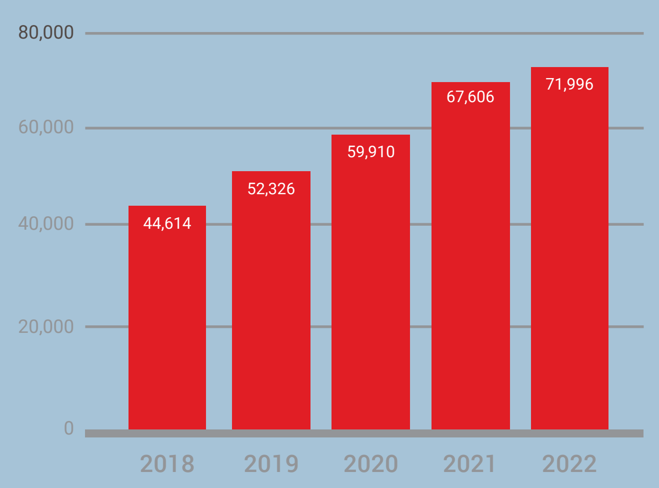
DIVIDEND
JA $ MILLIONS



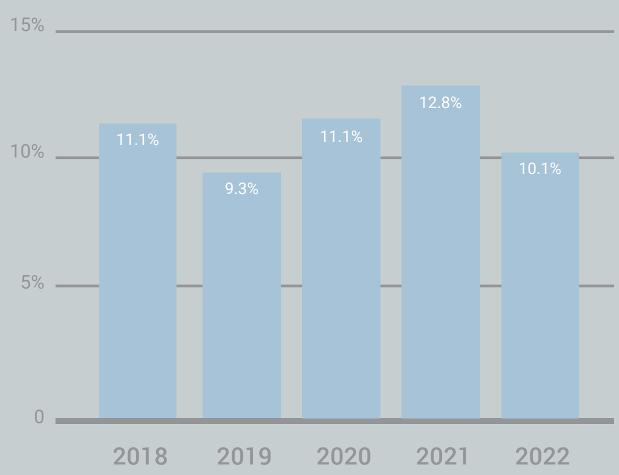
EARNINGS PER STOCK UNIT
JA $



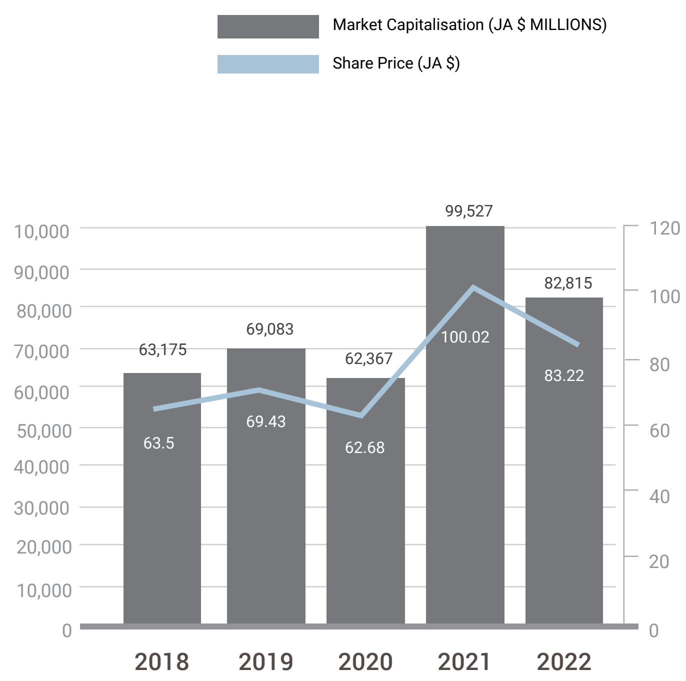
SHAREHOLDERS EQUITY
JA $ MILLIONS



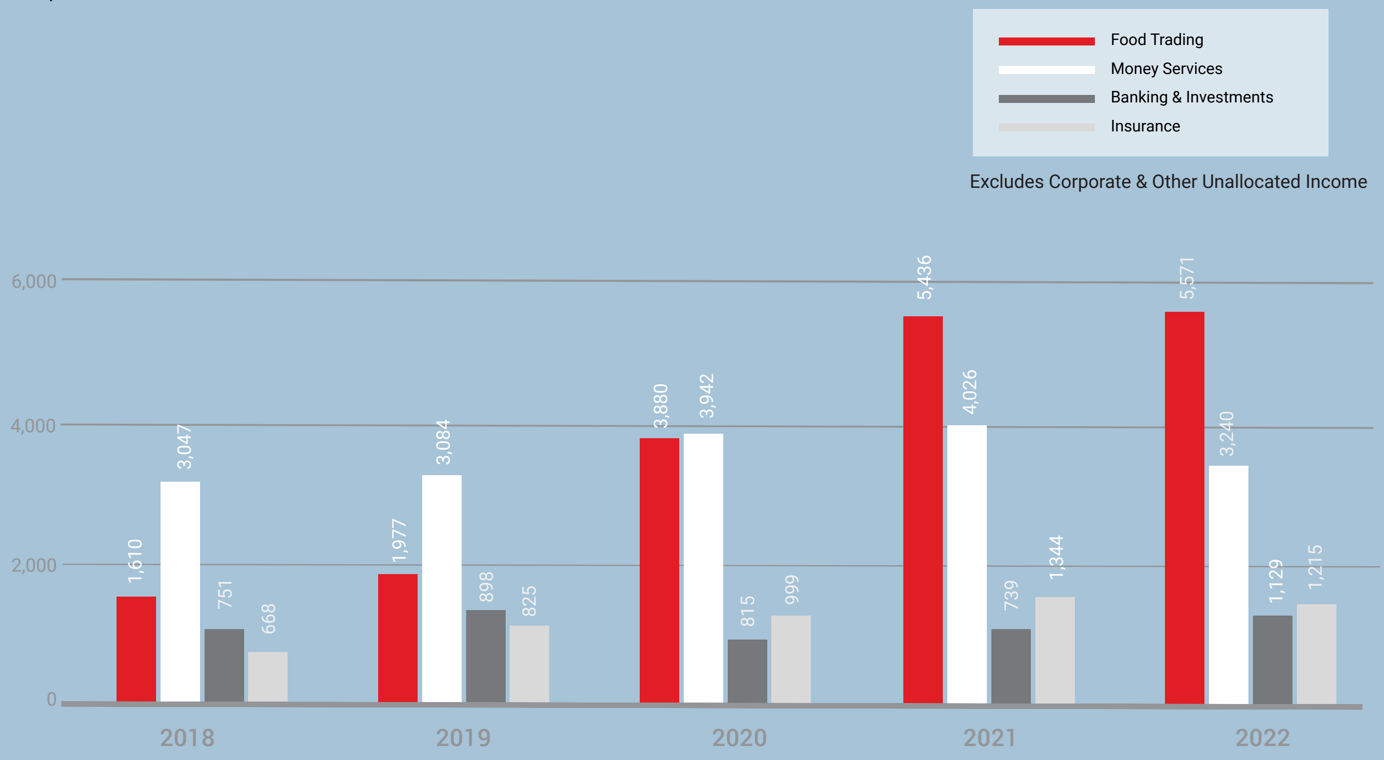
RETURN ON EQUITY



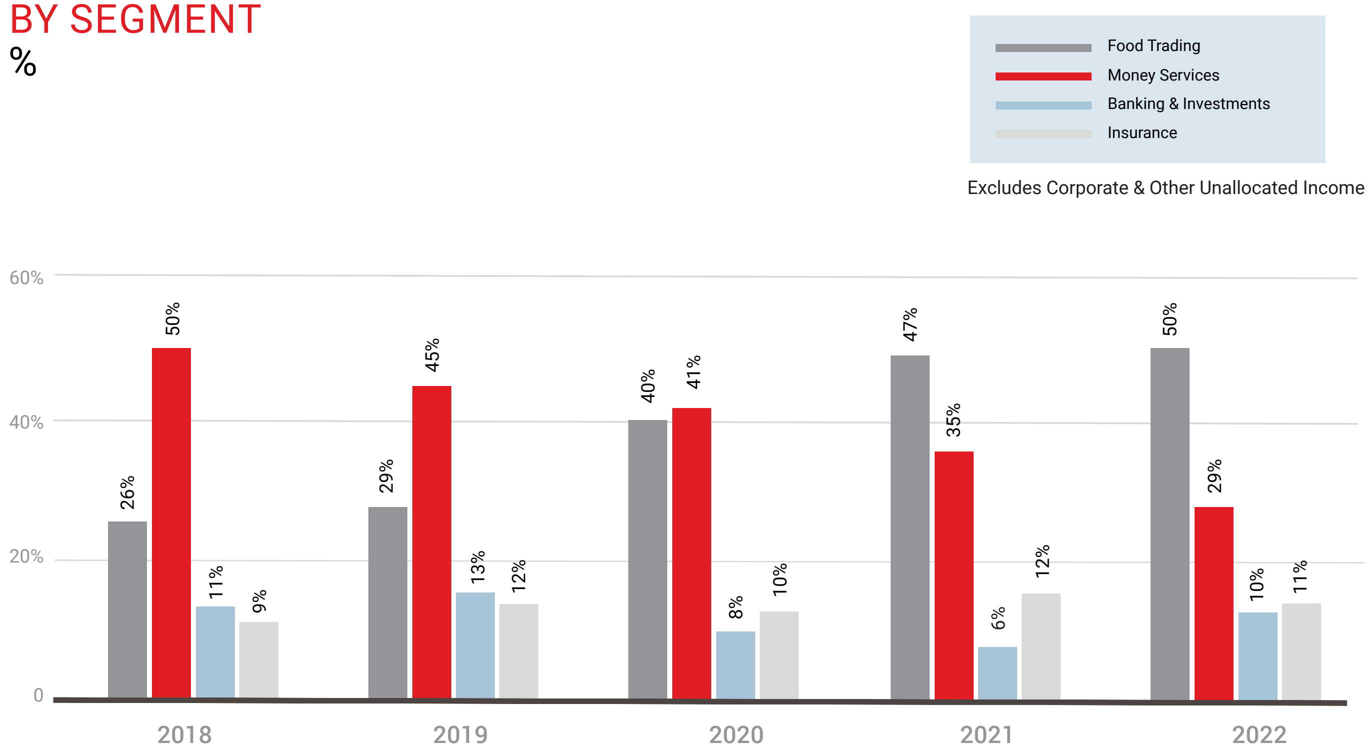
MARKET CAPITALISATION



CONTRIBUTION TO PRE-TAX PROFIT BY SEGMENT
JA $ MILLIONS



CONTRIBUTION TO PRE-TAX PROFIT BY SEGMENT
%



47 | GK100

Our 100th Anniversary Celebrations

Nazli Williams

Administrative Assistant/Analyst at Grace Foods Latin America and the Caribbean

Member of our GK team since 2018

The GK100 Launch January 2022

Service of Thanksgiving February 2022

GraceKennedy
GROUP
100

Service of Thanksgiving February 2022

Group-wide Anniversary Cake Cutting February 14, 2022

Ding Dong & Ravers perform at Cake Cutting February 14, 2022

ISSA GraceKennedy Boys & Girls Athletic Championships April 2022

ISSA GraceKennedy Boys & Girls Athletic Championships April 2022

Employee Appreciation Week Devotion with a Difference May 2022


Employee Appreciation Week Devotion with a Difference May 2022


Jamaica 60 Diaspora Conference Chairman's Event June 2022

Scan here to see more GK100 highlights


GK Birthright Interns at Diaspora Conference Chairman's Event June 2022


GK Foundation Lecture October 2022


GK Retirees Luncheon December 2022


GK Retirees Luncheon December 2022


Full Hundred - The GK100 Party December 2022


Full Hundred - The GK100 Party December 2022

GRACEKENNEDY **TURNS 100!**

February 14, 2022, marked the 100th anniversary of GraceKennedy (GK100), which was held under the theme ***Our Story is Your Story. Celebrating the past. Shaping the future.***

Notwithstanding the COVID-19 pandemic impacting our ability to gather in person during the first half of the year, several activities were executed to celebrate the monumental milestone throughout 2022, including:

- The virtual GK100 launch at the annual GK Business Conference in January 2022, where a special GK100 share offer for our team was announced;
- A virtual service of thanksgiving, commemorative newspaper wrap, and virtual simultaneous cake cutting with our team of around the world, which marked our anniversary day in February 2022;
- An extra special GK100 showing at the 2022 ISSA GraceKennedy Boys' and Girls' Athletic Championships in April 2022 and the Jamaica 60 Diaspora Conference in June 2022, allowed us to celebrate the special occasion with our external stakeholders;
- Our GK Foundation annual lecture, *A Century of Excellence. GraceKennedy's Recipe for Success,* in October 2022, told our 100-year story; and
- A groupwide staff party and our annual retirees' luncheon in December 2022 where we celebrated together as a GK team, past and present.

On the heels of our centenary, 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 for over 100 years.

51 | We Care

Corporate Social Responsibility | Environmental, Social & Governance | Reports from our Foundations

Jamila Harriott

Hi-Lo Food Stores customer for over five years

WE CARE

GraceKennedy was founded on the core principles of *Honesty, Integrity* and *Trust*, and for over one-hundred years we have remained guided by these key tenets and our *We Care* ethos. Our commitment to these principles has resulted in GK becoming well-known for our exceptional corporate governance standards, and vibrant corporate social responsibility (CSR) programme. We consistently give back to the communities we serve around the world, and we do this with immense pride and commitment.

100 ACTS OF GRACE

In celebration of our 100th anniversary in 2022 GraceKennedy set out to reaffirm our commitment to our *We Care* ethos by delivering 100 CSR initiatives or *Acts of Grace*.

The *100 Acts of Grace* programme saw our subsidiaries and foundations going above and beyond to deliver 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 a total J$187million and represented over 2000 volunteer hours from the GK team. Our GraceKennedy Foundation (GKF) and Grace & Staff Community Development Foundation (Grace & Staff) led implementation of the programme, delivering a collective 64 Acts of Grace to those in need.

Total Acts of Grace	106
Volunteer hours	2,062
People impacted	31,646
Trees planted	69,013
Pounds of garbage collected	106
Value of support (JMD)	$182,681,220
Value of support (USD)	$27,000
Value of support (CAD)	$1,000

To keep track of our progress towards delivering 100 Acts of Grace in 2022, a webpage was launched which provides additional details on each activity:

Scan here to learn more about our 100 Acts of Grace

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Over our 100-year history, GraceKennedy has remained committed to exceptional governance standards, and being a strong and impactful corporate citizen. As we continue to be an exemplar of impactful corporate citizenry, GK took the decision to adopt a strong Environmental Social and Governance (ESG) framework for our business. ESG is a logical evolution for our well-established CSR and corporate governance programmes, as we work towards achieving our 2030 vision and establishing GK as a pioneer for ESG in the Caribbean.

In early 2022, GK announced that we would be pursuing this ESG agenda going forward, and launched our Group's ESG statement.

Scan here to view our *ESG Statement*

A simple account of our ESG activities was also included in our 2021 annual report for the first time.

In late 2022, GK engaged Nasdaq ESG Advisory to support the development of our ESG Roadmap. Nasdaq has been conducting an ESG Materiality Assessment for GraceKennedy, which will provide insights into our stakeholders' perceptions of key risks and opportunities for growth related to each dimension of ESG. Over the next several months, we will continue to make public our ESG commitments, with our first ESG report scheduled to be published in Q3 of 2023.

53 Grace & Staff Community Development Foundation Report

Shavouya Carson

Grace & Staff Community Development Foundation beneficiary between 2017 and 2020 and current student at the University of the West Indies

GRACE & STAFF COMMUNITY DEVELOPMENT FOUNDATION

The Grace & Staff Community Development Foundation (Grace & Staff) was established in 1979, in response to deteriorating social and economic conditions in inner city communities in downtown Kingston. The Foundation is a partnership between GraceKennedy's management and staff, to facilitate the development of the communities surrounding GK's operations and build a bridge of human care and understanding. Grace & Staff provides support in the core areas of education, community outreach and development, and volunteerism.

In 2022 the Foundation performed well in achieving its mission and goals, executing several successful programmes and initiatives that had a positive impact on the communities it serves.

EDUCATION

After achieving its target of supporting 1000 students by GK's 100th anniversary ahead of schedule in 2021, Grace & Staff continued to add beneficiaries to its tuition assistance programme in 2022. One thousand three hundred and thirty-three (1,333) students were enrolled in the programme last year, including 166 tertiary students and 1167 secondary students. The programme was also supported by 62 mentors, who engaged in one-on-one goal-oriented mentorship with the student beneficiaries throughout the year.

In April 2022 in-person sessions resumed at the six Grace & Staff Homework Centres in Majesty Gardens, Tower Street and Barbican in Kingston; Dela Vega City and Quarry Hill in Spanish Town; and Paradise in Westmoreland, and served approximately 310 students monthly for the remainder of the year.

The Dela Vega City Homework Centre also benefitted from a new music room which was outfitted in partnership with the Bob Marley Foundation and opened in December 2022.

In 2022 Grace & Staff also partnered with 14 early childhood institutions and covered the cost of upgrades required to improve their Early Childhood Commission score.

COMMUNITY OUTREACH & DEVELOPMENT

Youth Boost

Grace & Staff's crime prevention project, Youth Boost, which was developed in collaboration with USAID, concluded in 2022. Financed through a partnership with USAID and FHI 360, Youth Boost targeted 20 high risk young men and teenage boys from Majesty Gardens, using Cognitive-Behavioural Therapy (CBT) to build pro-social behaviours and dissuade them from engaging in delinquent activities. Goal oriented mentorship and educational assistance was also offered.

Youth Boost closed with 18 participants successfully completing the programme - nine young men were certified in construction and nine boys were re-enrolled in high school. Significant behavioural changes were also observed in the participants, including better anger management and greater impulse control.

Psychosocial Support

Grace & Staff continued to offer psychosocial support for a wide range of stakeholders in 2022. Grace & Staff's counselling psychologist, Dr Curtis Sweeney, facilitated counselling sessions with 630 people which amounted to 930 hours.

Christmas Outreach

Grace & Staff ended the year with our annual Christmas Outreach, which delivered 949 food baskets to seniors and students in need from six Jamaican communities - Central Kingston, Craig Town, Majesty Gardens, and Payne Avenue in Kingston and Quarrie Hill and De La Vega in Spanish Town. A Christmas treat was also hosted by Grace & Staff at Walters Basic School in Spanish Town in December.

JAMES MOSS-SOLOMON FUND

In May 2022, the James Moss-Solomon Fund was launched in honour of Grace & Staff's late Chairman, James 'Jimmy' Moss-Solomon, who passed away in January 2022. The fund has been established to aid projects he was passionate about, and in 2022 made donations to support music development and improving healthcare in Jamaica.

Grace & Staff is extremely proud of the impact of our work and remains committed to our communities. The foundation will expand its programmes and initiatives in 2023, including increasing the number of students receiving tuition support from Grace & Staff to 1500. Plans are also in place to launch The Chairman's Scholarship in 2023, which will award 25 top performing students in fourth form a full scholarship. We will also expand our partnerships and collaborations with other NGOs, businesses, and government agencies, to enhance the impact of our programmes and initiatives, and increase our reach and influence.

Johmar Bennett

2018 GraceKennedy Carlton Alexander Scholarship recipient

Member of our GK team since 2021

GRACEKENNEDY FOUNDATION

The GraceKennedy Foundation (GKF) supports GraceKennedy as a corporate citizen by creating environmentally sustainable programmes, promoting healthy lifestyle initiatives, and increasing access to education. The GKF's strategy is closely aligned to Jamaica's Vision 2030 and the United Nations Sustainable Development Goals (SDG). In 2022, the Foundation celebrated 40 years of impact and its commitment to the wellbeing of individuals and communities.

ENVIRONMENTAL PROTECTION

James Moss-Solomon Sr. Chair in Environment

Established in 1992 on the occasion of GraceKennedy's 70th anniversary, The James Moss-Solomon Sr. Chair at the University of the West Indies, Mona, supports environmental research and training. The current Chair, Prof Mona Webber, continues her outstanding work in the field through strategic partnerships, knowledge sharing and training, ground-breaking research, and coastal interventions.

Fostering Environmental Stewardship among the GK Team

Promoting environmental awareness to GraceKennedy team members has become a priority for the Foundation. Both the 'plastic bottle separation at source' project as well as GKF's Annual Beach Cleanups were a great success in 2022. At the annual beach cleanup on September 10, 191 GKF volunteers removed 32,900lbs of waste from Gun Boat Beach in Kingston. Thousands of pounds of plastic were also collected for recycling by GK subsidiaries throughout the year.

The new GK Earth 365 logo was unveiled in 2022, and is being used to highlight environmental activities across the Group.

The Kingston Harbour Ecosystems-based Adaptation Measures (KHEAM) Project

The Kingston Harbour Ecosystems-based Adaptation Measures (KHEAM) Project is a three-year pilot project financed by the Caribbean Biodiversity Fund. The project aims to restore, rehabilitate, and protect the mangroves in the Kingston Harbour to boost Jamaica's climate change resilience. GKF's role in the project has focused on the reduction of land-based pollution entering the Kingston Harbour from communities located near Barnes Gully in downtown Kingston. Environmental wardens have been trained and mobilised by GKF to help educate over 1000 community members about mangrove protection, proper waste management practices and recycling.

The Kingston Harbour Cleanup Project

GKF continues its collaboration with the international non-profit The Ocean Cleanup, and Clean Harbours Jamaica (CHJ) Limited, to implement the Kingston Harbour Cleanup Project. The project is being funded by the Benioff Foundation and The Ocean Cleanup and aims to prevent waste from entering the Kingston Harbour. In 2022, barriers were installed at four gullies that feed into the harbour – Kingston Pen Gully, Barnes Gully, Rae Town Gully and Tivoli Gully. To date over 200,000kg of waste has been prevented from entering the Harbour by the barriers. Named a 'Champion Project' by The Ocean Cleanup, phase two of the project kicked off in January 2023. Over the year, the goal is to install barriers at the Mountainview, Shoemaker and D'Aguilar gullies. Outreach and education activities to the communities located near the gullies will continue.

PROMOTING HEALTHY LIFESTYLES

The GK Campus Connect Food Bank supports 150 students attending the University of the West Indies (UWI) Mona, University of Technology (UTech) and the Edna Manley College for the Visual and Performing Arts (EMCVPA), who face food insecurity. Many of the beneficiaries rely on the monthly food packages to support not only their nutritional needs but also those of their families. The Food Bank also continued to support other feeding initiatives at the universities. Over J$12 million in donations was raised from GraceKennedy subsidiaries and private donors for the bank in 2022.

EDUCATION

Scholarships & Bursaries

Over the past four decades GKF's scholarships have valued nearly J$400million and educated over 500 students. In 2022, the Foundation invested over J$27million in scholarships to 90 university students. This included the donation of 23 laptops to GK scholars. Children of GK staff also received J$2.1million in bursaries through the annual Carlton Alexander Memorial Bursary Awards.

GK Campus Connect

GK Campus Connect Programme continued to offer employment and volunteer opportunities to Jamaican tertiary students in 2022. Through GKF's Ace with Grace Tutoring Programme and GK Campus Connect Food Bank, GK Scholars completed 3,400 hours of voluntary service in 2022. GKF also partnered with the parent company, GraceKennedy Limited, to launch the GK Digital Institute Scholarship. Ten students from the UWI, UTech and the Northern Caribbean University received scholarships and interned within the company during the summer; seven students have continued as interns during the 2022/23 academic year.

GraceKennedy Annual Lecture

A Century of Excellence. GraceKennedy's Recipe for Success was the title of the 2022 GK annual lecture, which provided an insightful look into GraceKennedy's 100-year history. The lecture, held on October 20 at the Jamaica Conference Centre in downtown Kingston, highlighted different periods of the company's evolution, from its beginnings as a family-owned business to a publicly traded, global consumer group. The lecture was presented in three parts by three GraceKennedy stalwarts – Dr Fred Kennedy, educator, author, and Chairman of GK Foundation; Hon. Douglas Orane, CD, retired Chairman and CEO of GraceKennedy; and current Group CEO, Senator Don Wehby, CD.

Scan here to watch the full lecture on Youtube

GK Birthright

Following a two-year hiatus due to the COVID-19 pandemic, the GK Birthright programme returned in 2022 and hosted four university students of Jamaican heritage from the USA, UK and Canada in Jamaica for a five-week long cultural and professional immersive experience. The interns worked at GK during the week, and on weekends, visited different parts of the island.

Carlton Alexander Chair in Management Studies

In 2022 Prof Lila Rao-Graham was appointed as the GKF funded Carlton Alexander Chair in Management Studies at UWI. Prof Rao-Graham research interests include data for development, data and knowledge management and strategic business intelligence. Findings from her research have had a positive impact on the Jamaican business community, and her expertise in business intelligence and data for development will offer critical guidance for GK's digital transformation.

59 Leadership Team & Corporate Data

Lanzel Burton

Western Union customer for over 20 years

BOARD OF DIRECTORS

As at December 31, 2022

PROF. GORDON V. SHIRLEY, OJ

Chairman, GraceKennedy Limited. President & Chief Executive Officer of the Port Authority of Jamaica. Chair of GraceKennedy's Compensation Sub-Committee and Member of GraceKennedy's Corporate Governance & Nomination Committee.
Chairman, Clarendon Alumina Production Ltd.
Council Chairman, Caribbean Maritime University
Chairman Police Service Commission

DON G. WEHBY, CD

GraceKennedy Group Chief Executive Officer. Fellow Chartered Accountant. Government of Jamaica Senator and New Zealand's Honorary Consul to Jamaica.

DR. PARRIS A. R. LYEW-AYEE, JR

Chief Scientific Officer at Portland Holdings Ltd and Managing Director of PAMAS Ltd. A member of GraceKennedy's Audit Committee, Corporate Governance & Nomination Committee, and Compensation Sub-Committee.

ANDREW R. MESSADO

GraceKennedy Group Chief Financial Officer. Finance and Accounting professional. Fellow of the Institute of Chartered Accountants of Jamaica (ICAJ).

DR. INDIANNA D. MINTO-COY

Deputy Executive Director and Senior Lecturer at the Mona School of Business & Management (MSBM) at The University of the West Indies, Jamaica. A member of GraceKennedy's Audit Committee and Corporate Governance & Nomination Committee.

GINA M. PHILLIPPS BLACK

Attorney-at-law and Partner in the law firm, Myers, Fletcher & Gordon. Chair of GraceKennedy's Corporate Governance & Nomination Committee.

VANESSA N. RIZZIOLI

Senior Legal Counsel at Thames Water Utilities Limited in the United Kingdom. A member of GraceKennedy's Audit Committee and Corporate Governance & Nomination Committee.

PETER E. WILLIAMS

Retired partner of PricewaterhouseCoopers Jamaica's assurance practice and fellow of the Institute of Chartered Accountants of Jamaica (ICAJ) and Association of Chartered Certified Accountants (ACCA). Chairman of GraceKennedy's Audit Committee, a member of the Corporate Governance & Nomination Committee and Compensation Sub-Committee.

DIRECTORS & CORPORATE DATA

As at December 31, 2022

DIRECTORS

Prof. Gordon V. Shirley, OJ
Chairman

Don G. Wehby, CD
Group Chief Executive Officer

Dr. Parris A. R. Lyew-Ayee, Jr

Andrew R. Messado
Group Chief Financial Officer

Dr. Indianna D. Minto-Coy

Gina M. Phillipps Black

Vanessa N. Rizzioli

Peter E. Williams

CORPORATE SECRETARY

Gail Moss-Solomon

AUDITORS

PricewaterhouseCoopers
Scotiabank Centre, Duke Street
Kingston, Jamaica

ATTORNEYS

Myers, Fletcher & Gordon
21 East Street
Kingston, Jamaica

BANKERS

The Bank of Nova Scotia Jamaica Limited

Citibank N.A.

CIBC First Caribbean International Bank (Jamaica) Limited

First Global Bank Limited

National Commercial Bank Jamaica Limited

Sagicor Bank Limited

REGISTERED OFFICE

73 Harbour Street
Kingston, Jamaica

REGISTRAR & TRANSFER OFFICE

GraceKennedy Limited
73 Harbour Street
Kingston, Jamaica

WEBSITES

www.gracekennedy.com
www.gracefoods.com
www.gracekennedyfinancialgroup.com

63 Senior Management

Huixiong Liao
Owner, National Self Serve Wholesale Ltd.

GK Foods customer since 2003

On this page (left to right, top to bottom):

Executive Office Don Wehby, Andrew Messado, Gail Moss-Solomon, Naomi Holness, Tawana Gray, Judith Chung Gordon, Lee-Anne Bruce, Suzanne Nam, Deidre Cousins, Terry-Ann Graver, Andrew Leo-Rhynie, Allison Mais, Caroline Mahfood, Sandrina Davis; GK Foods Domestic Frank James, Debra Dodd, Zak Mars, Carl Barnett, Glenise Durrant-Freckleton, Shaun Lawson-Freeman, Dave DaCosta, Radcliffe Walker, Tamara Thompson, Andrew Wildish, Cathrine Kennedy, Renee Nathan; GK Foods International Andrea Coy, Danielle Longman, Derrick Reckord, Oswald Lyn, Ricardo Bryan, Nimal Amitirigala, Jack Zhu, Brian Mitchell, Kerry-Ann Lincoln; GK Financial Group Grace Burnett, Steven Whittingham, Stacie Ann Wright, Marcia Henry Lawrence, Nichole Case, Kerry-Ann Heavens, Amanda Beepat, Chaluk Richards, Radcliffe Daley, Patsy Latchman Atterbury, Douglas Robinson, Margaret Campbell, Donald Edwards, Annalise Harewood, Crisy Laurent, Tammara Glaves-Hucey

EXECUTIVE OFFICE

As at March 1, 2023

Donald Wehby
Group Chief Executive Officer

Andrew Messado
Group Chief Financial Officer

Gail Moss-Solomon
General Counsel & Chief Corporate Secretary

Naomi Holness
Chief Human Resources Officer

Tawana Gray
Group Comptroller

Judith Chung Gordon
Group Chief Compliance Officer & Senior Legal Counsel

Lee-Anne Bruce
Chief Audit Executive

Suzanne Nam
Head of Corporate Communications

Deidre Cousins
Chief Information Officer

Terry-Ann Graver
Head of Treasury & Corporate Finance

Andrew Leo-Rhynie
Head of Mergers & Acquisitions

Allison Mais
Head of Strategic Planning

GraceKennedy Foundation

Caroline Mahfood
Chief Executive Officer

Grace & Staff Community Development Foundation

Sandrina Davis
Chief Executive Officer

GK FOODS DOMESTIC

As at March 1, 2023

Frank James
Chief Executive Officer, GK Foods Domestic

Naomi Holness
Chief Human Resources Officer,
GK Foods - Domestic
& International

Deidre Cousins
Chief Information Officer, GK Foods Domestic & International

Debra Dodd
Divisional Chief Financial Officer

Zak Mars
Head of Global Sourcing & Manufacturing

Carl Barnett
Senior General Manager - Manufacturing

Glenise Durrant-Freckleton
Chief Supply Chain Officer

Shaun Lawson-Freeman
Senior Legal Counsel – GK Foods Domestic & International

GRACE FOODS LIMITED

Dave DaCosta
Managing Director

DAIRY INDUSTRIES (JAMAICA) LIMITED

Radcliffe Walker
General Manager

GRACE FOODS & SERVICES

Tamara Thompson
General Manager

GRACE FOOD PROCESSORS (NALCAN) DIVISION

Andrew Wildish
General Manager

GRACE FOOD PROCESSORS (MEATS) DIVISION

Carl Barnett
General Manager

HI-LO FOOD STORES DIVISION

Cathrine Kennedy
General Manager

WORLD BRANDS SERVICES DIVISION

Renee Nathan
General Manager

CONSUMER BRANDS LIMITED

Tamara Thompson
General Manager

GRACE AGRO PROCESSORS DIVISION

Carl Barnett
General Manager

GK FOODS INTERNATIONAL

As at March 1, 2023

Andrea Coy
Chief Executive Officer
GK Foods International

Danielle Longman
Head of Planning & Strategy
GK Foods International Business

GRACEKENNEDY FOODS (USA) LLC.

Derrick Reckord
President & CEO

Oswald Lyn
Chief Financial Officer

Ricardo Bryan
Senior Vice President, Sales

David Hernandez
Senior Vice President, Sales

GRACE KENNEDY (BELIZE) LIMITED

Danielle Longman
General Manager

GRACE FOODS CANADA, INC.

Nimal Amitirigala
President

Jack Zhu
Chief Financial Officer

GRACE FOODS LATIN AMERICAN AND CARIBBEAN (GF LACA)

Danielle Longman
General Manager

GRACE FOODS UK LTD

Brian Mitchell
Managing Director

Kerry-Ann Lincoln
Chief Financial Officer

GK FINANCIAL GROUP

As at March 1, 2023

GRACEKENNEDY FINANCIAL GROUP LIMITED

Grace Burnett
Chief Executive Officer

Steven Whittingham
Deputy Chief Executive Officer

Stacie Ann Wright
Divisional Chief Financial Officer

Marcia Henry Lawrence
Chief Human Resources Officer

Nichole Case
Chief Information Officer

Kerry-Ann Heavens
Legal Counsel

ALLIED INSURANCE BROKERS LIMITED

Amanda Beepat
Managing Director

GK GENERAL INSURANCE COMPANY LIMITED

Chaluk Richards
General Manager

GK INSURANCE BROKERS LIMITED

Marie Beckford
General Manager

GK INSURANCE (EASTERN CARIBBEAN) LIMITED

Steven Whittingham
Director

FIRST GLOBAL HOLDINGS LIMITED

Grace Burnett
Chief Executive Officer

FIRST GLOBAL BANK LIMITED

Radcliffe Daley
President & CEO

GK CAPITAL MANAGEMENT LIMITED

Patsy Latchman Atterbury
Managing Director

GK INVESTMENTS LIMITED

Douglas Robinson
Vice President

GRACEKENNEDY PAYMENT SERVICES LIMITED

Grace Burnett
President & CEO

Margaret Campbell
Chief Operating Officer

GRACEKENNEDY CURRENCY TRADING SERVICES LIMITED

Grace Burnett
President & CEO

Margaret Campbell
Chief Operating Officer

GRACEKENNEDY REMITTANCE SERVICES LIMITED

Grace Burnett
President & CEO

Margaret Campbell
Chief Operating Officer

GK FINANCIAL GROUP

As at March 1, 2023

GRACEKENNEDY REMITTANCE SERVICES (GUYANA) LIMITED

Troy Williams
Country Manager

GRACEKENNEDY (TRINIDAD & TOBAGO) LIMITED

Donald Edwards
Country Manager

GRACEKENNEDY MONEY SERVICES (CARIBBEAN) SRL

Grace Burnett
President & CEO

GRACEKENNEDY MONEY SERVICES (BVI) LIMITED

Shari Brown
Regional Manager

GRACEKENNEDY MONEY SERVICES (ANGUILLA) LIMITED

Shari Brown
Regional Manager

GRACEKENNEDY MONEY SERVICES (MONTSERRAT) LIMITED

Shari Brown
Regional Manager

GRACEKENNEDY MONEY SERVICES (ST KITTS & NEVIS) LIMITED

Shari Brown
Regional Manager

GRACEKENNEDY MONEY SERVICES (ST VINCENT & THE GRENADINES) LIMITED

Shari Brown
Regional Manager

GRACEKENNEDY MONEY SERVICES (CAYMAN) LIMITED

Annalise Harewood
Regional Manager

GRACEKENNEDY MONEY SERVICES (TURKS & CAICOS) LIMITED

Annalise Harewood
Regional Manager

GRACEKENNEDY MONEY SERVICES (BAHAMAS) LIMITED

Annalise Harewood
Regional Manager

GK LIFE INSURANCE EASTERN CARIBBEAN LIMITED

Crisy Laurent
Chief Executive Officer

KEY INSURANCE COMPANY LIMITED

Tammara Glaves-Hucey
General Manager

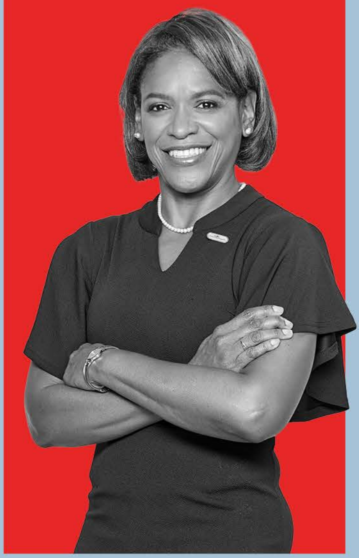
EXECUTIVE COMMITTEE

Don Wehby
Group CEO

Andrew Messado
Group Chief Financial Officer

Grace Burnett
CEO, GraceKennedy Financial Group

Andrea Coy
CEO, GK Foods International



Frank James
CEO, GK Foods Domestic

Steven Whittingham
Deputy CEO, GraceKennedy Financial Group

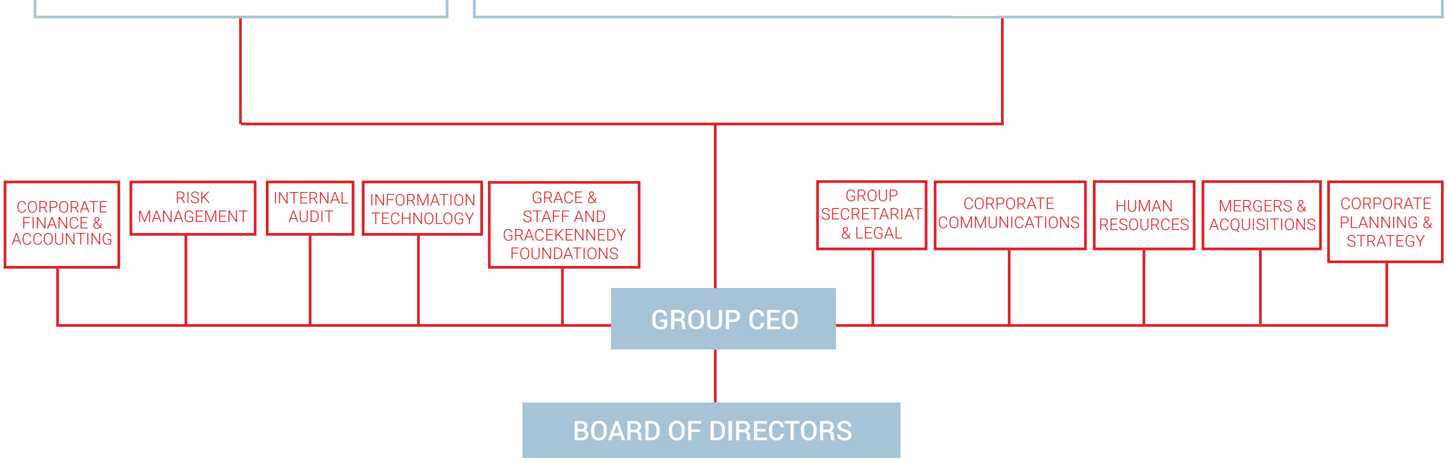
Naomi Holness
Chief Human Resources Officer

Gail Moss-Solomon
General Counsel & Chief Corporate Secretary

ORGANISATIONAL CHART*

GK FOODS
Grace Foods UK Limited
Enco Products Limited
Funnybones Foodservice Limited
Chadha Oriental Foods Limited
Grace Foods Limited
GraceKennedy Foods (USA) LLC
GK Foods & Services Limited
GraceKennedy (Belize) Limited
Grace Foods Canada Inc.
Consumer Brands Limited
Dairy Industries (Ja.) Limited
Grace Foods & Services
Gray's Pepper Products Limited
Catherine's Peak Bottling Company Limited
Majesty Foods LLC

GK FINANCIAL GROUP	
GraceKennedy Financial Group Limited	Allied Insurance Brokers Limited
GraceKennedy Money Services Caribbean SRL	GK General Insurance Company Limited
GraceKennedy Remittance Services Limited	Key Insurance Company Limited
Grace Kennedy Currency Trading Services Limited	GK Insurance Brokers Limited
GraceKennedy Payment Services Limited	GK Insurance (Eastern Caribbean) Limited
GraceKennedy Remittance Services (Guyana) Limited	Knutsford Re
GraceKennedy (Trinidad & Tobago) Limited	GK Life Insurance Eastern Caribbean Limited
GraceKennedy Money Services (Anguilla) Limited	First Global Holdings Limited
GraceKennedy Money Services (Montserrat) Limited	First Global Bank Limited
GraceKennedy Money Services (St. Kitts & Nevis) Limited	GK Capital Management Limited
GraceKennedy Money Services (Bahamas) Limited	GK Investments Limited
GraceKennedy Money Services (St. Vincent & The Grenadines) Limited	Canopy Insurance Limited
GraceKennedy Money Services (BVI) Limited	GraceKennedy Properties Limited
GraceKennedy Money Services (Cayman) Limited	Signia Globe Financial Group Inc.
GraceKennedy Money Services (Turks & Caicos) Limited	



*Excludes non operating and non core entities. Refer to Note 2(b) and 2(c) of the Audited Financials for a comprehensive list of entities.

SHAREHOLDINGS OF DIRECTORS

As at December 30, 2022

	TOTAL	DIRECT	CONNECTED PARTIES	% OWNERSHIP
Donald G. Wehby	13,188,477	10,833,870	2,354,607	1.33%
Gordon V. Shirley	684,200	684,200	-	0.07%
Andrew Messado	635,615	635,615	-	0.06%
Gina Phillipps Black	191,883	191,883	-	0.02%
Parris Lyew-Ayee Jr.	155,988	155,988	-	0.02%
Indianna Minto-Coy	37,768	37,768	-	0.00%
Peter Williams	12,270	12,270	-	0.00%
Vanessa Rizzioli	3,177	3,177	-	0.00%
TOTAL	**14,909,378**			

SHAREHOLDINGS OF EXECUTIVE COMMITTEE MEMBERS AND SENIOR OFFICERS

As at December 30, 2022

	TOTAL	DIRECT	CONNECTED PARTIES	% OWNERSHIP
Donald G. Wehby	13,188,477	10,833,870	2,354,607	1.33%
Frank A. R. James	2,869,234	2,869,234	-	0.29%
Gail Moss-Solomon	1,089,171	1,089,171	-	0.11%
Grace Burnett	945,408	945,408	-	0.10%
Andrea Coy	790,282	790,282	-	0.08%
Andrew Messado	635,615	635,615	-	0.06%
Steven Whittingham	528,080	528,080	-	0.05%
John A. Leo Rhynie	89,442	89,442	-	0.01%
Naomi Holness	69,197	69,197	-	0.01%
Lee-Anne Bruce	5,700	5,700	-	0.00%
Terry-Ann Graver	3,600	3,600	-	0.00%
Allison Mais	4,904	4,904	-	0.00%
Judith Chung	2,100	2,100	-	0.00%
Tawana Gray	6,480	2,100	4,380	0.00%
Gerron Thomas	1,100	1,100	-	0.00%
TOTAL	**20,228,790**			

STOCKHOLDERS' PROFILE

As at December 30, 2022

	30/12/2022 STOCK UNITS	%
Insurance Companies, Trust Companies & Pension Funds	312,777,535	31.43%
Private Individuals	312,759,848	31.43%
Investment Companies/Unit Trusts	161,894,580	16.27%
Others	86,019,565	8.64%
Private Companies	89,932,185	9.04%
Directors & Senior Managers	21,314,076	2.14%
Nominee Companies	9,564,176	0.96%
Public Listed Companies	866,540	0.09%
	995,128,505	**100.00%**

TOP TEN (10) STOCKHOLDERS

As at December 30, 2022

	ORDINARY STOCK UNITS	%
NCB Insurance Agency and Fund Managers A/C WT109	54,412,956	5.47%
National Insurance Fund	46,090,036	4.63%
GraceKennedy Limited Pension Scheme	44,922,201	4.51%
Sagicor Pooled Equity Fund	39,894,404	4.01%
Resource in Motion Limited	33,674,791	3.38%
ATL Group Pension Fund Trustees Nominee Ltd.	21,952,905	2.21%
Douglas Orane	20,557,188	2.07%
Michele Marie Kennedy	18,496,716	1.86%
NCB Insurance Agency and Fund Managers A/C WT157	16,798,182	1.69%
FredKenn Limited	14,977,381	1.51%

75 Directors' Report

Sydoney Johnson

Corporate Secretary & Registrar,
GraceKennedy Limited

Member of our GK team since 2004

DIRECTORS' REPORT

For the Year ended December 31, 2022

1. The Directors are pleased to present their report for the year ended 31 December 2022 and submit herewith the Consolidated Income Statement and Consolidated Statement of Financial Position for GraceKennedy Limited and its subsidiaries as at that date.

2. **Operating Results**

	$'000
Revenues	142,931,701
Profit Before Taxation	10,220,812
Net Profit After Tax	7,594,392
Net Profit After Tax Attributable to Stockholders	7,027,398

3. **Dividends**

The following dividends were paid during the year:

- $0.48 per ordinary stock unit was paid on 8 April 2022
- $0.48 per ordinary stock unit was paid on 16 June 2022
- $0.48 per ordinary stock unit was paid on 23 September 2022
- $0.58 per ordinary stock unit was paid on 15 December 2022

The Directors recommend that the interim dividends paid on 8 April 2022, 16 June 2022, 23 September 2022 and 15 December 2022 be declared as final for the year under review.

4. **Directors**

The Directors as at 31 December 2022 were as follows:

- Prof. Gordon V Shirley, O.J. – Chairman
- Donald G. Wehby, C.D. – Group Chief Executive Officer
- Andrew R. Messado – Group Chief Financial Officer
- Dr. Parris A. R. Lyew-Ayee, Jr.
- Dr. Indianna D. Minto-Coy
- Gina M. Phillipps Black
- Peter E. Williams
- Vanessa N. H. Rizzioli

During the year under review the following were the Board changes:

- Vanessa N. H. Rizzioli was appointed to the Board on 28 July 2022
- Mary Anne V. Chambers retired from the Board on 8 September 2022

5. In accordance with Article 108 of the Company's Articles of Incorporation, Mrs. Vanessa N. H. Rizzioli having been appointed to the Board of Directors since the last Annual General Meeting, will retire from office and, being eligible, offers herself for election.

6. The Directors retiring from office by rotation pursuant to Article 102 of the Company's Articles of Incorporation are Dr. Parris A. R Lyew-Ayee, Jr., Mr. Andrew R. Messado, and Mr. Peter E. Williams, being eligible, offer themselves for re- election.

7. **Auditors**

Messrs. PricewaterhouseCoopers, the present Auditors, have signified their willingness to continue in office pursuant to section 154 of the Companies Act, 2004.

8. The Directors wish to express their appreciation to the management and staff for their achievements during the year.

By Order of the Board
1 March 2023
Prof. Gordon Shirley, O.J.
Chairman

78 Group Audit Committee Report

Karim Fenton
Business Development Officer,
First Global Bank Mandeville

Member of our GK team since 2014

GROUP AUDIT COMMITTEE REPORT

For the Year ended December 31, 2022

1. COMPOSITION

The Group Audit Committee (the Committee) consists of four non-executive members of the Board of Directors (the Board), one of whom is a "financial expert, a person with an understanding of financial statements and applicable accounting principles and experience in preparing, auditing, analyzing or evaluating financial statements" and the others, financially literate, in accordance with the Committee's Terms of Reference (TOR). The Committee's TOR can be viewed on the Company's website at https://www.gracekennedy.com/corporate/code/audit-committee-terms-of-reference/

Scan here to view our Terms of Reference

2. AUDIT COMMITTEE MEMBERS:

1. Peter E. Williams (Chairman)
2. Dr Parris A. R. Lyew-Ayee Jr.
3. Dr Indianna D. Minto-Coy
4. Vanessa N. Rizzioli

The following changes occurred during the year:

1. Mrs. Mary Anne Chambers retired from the Board of Directors of GraceKennedy Limited (GK) and from the position of Audit Committee Member on September 8, 2022. We express our thanks and appreciation to Mrs. Mary Anne Chambers for her years of invaluable and exceptional service and contributions to the Audit Committee.

2. Mrs. Vanessa N. Rizzioli was appointed as a member of the GK Audit Committee on November 10, 2022.

3. MANDATE AND SCOPE

The responsibilities and activities of the Committee are governed by its TOR which are reviewed annually by the Committee and the GK Corporate Governance Committee, then approved by the GK Board. The TOR complies with applicable laws, rules and regulations, including the Private Sector Organisation of Jamaica's Code on Corporate Governance and the Jamaica Stock Exchange's Corporate Governance Guidelines.

The role of the Committee is to assist the GK Board in fulfilling its oversight responsibilities in respect of the Company and its subsidiaries (the Group) in the key areas of:

- reliability and integrity of the accounting principles, processes and practices underlying the preparation and presentation of fairly stated financial statements and other financial reporting;
- effectiveness of the internal controls, governance and risk management infrastructure, including internal audits, enterprise risk management, security and compliance with statutory and regulatory requirements and;
- qualifications, independence and performance of the external auditors, PricewaterhouseCoopers (PwC), and approval of the scope of and fees for audit and non-audit services.

In the execution of its responsibilities, the Committee is assisted by the Chief Audit Executive (CAE), who functions as head of the Group Internal Audit Department (GIA), the Group Chief Executive Officer, Group Chief Financial Officer, General Counsel & Chief Corporate Secretary and other members of management as required, all of whom have unrestricted access to the Committee.

In addition to the active support and guidance provided by PwC during Committee meetings, the Committee meets separately with PwC without any member of management being present, to ensure that issues of objectivity and disagreements with management, if any, are brought to its attention. In a similar vein, separate meetings are also held with the CAE without management being present.

The Committee has four scheduled regular meetings per annum and a special meeting to approve the annual Management Discussion and Analysis (MDA).

A written report is submitted to the GK Board by the Committee Chairman after each regular meeting, outlining the significant matters discussed and decisions taken.

The Committee has the authority to engage at the Company's expense, external legal, accounting and other professional expertise, when deemed necessary for the effective discharge of its responsibilities.

4. ACTIVITIES

The Committee met five times during 2022 as scheduled, and there was full attendance by all Committee members. PwC's engagement partner and/or senior representatives of the firm attended all four regular meetings.

During the year, the Committee:

- assessed the independence, performance, and scope of the annual audit plan of PwC and recommended the firm's appointment by the stockholders and approval of its fees to the GK Board;
- reviewed communications from PwC as required by ISA 260 - Communication with those Charged with Governance - a standard issued by the International Federation of Accountants and promulgated by the Institute of Chartered Accountants of Jamaica, confirming same, as part of the assessment of PwC's independence, objectivity, relationship matters and compliance with professional ethics;
- reviewed the scope of the annual audit plan of internal audit and related budget and staffing;
- reviewed internal audit reports covering financial, information technology (IT), operational and compliance audits, in respect of which recommendations for improvements were made to management and the Board, which were accepted, and either implemented or are in the process of being implemented;
- reviewed management letters from external auditors relating to internal control issues and findings, and noted management's action plans to address them;
- received and scrutinized reports from management on significant tax, legal, regulatory, enterprise risk management, information technology, security, fraud and whistle-blowing related matters;

- reviewed the composition, duties and responsibilities of regulated and other subsidiaries' audit committees and significant findings from their meetings, and examined and discussed half yearly reporting on significant internal control and other matters by the chairs of these audit committees, as part of its oversight of such subsidiaries' audit matters;
- reviewed, and after consultation with management and PwC, recommended to the GK Board, unaudited quarterly financial statements and the 2022 audited annual financial statements for their approval and release to stockholders, being satisfied, after these consultations, that the financial statements complied with International Financial Reporting Standards (IFRS);
- received updates from management and the external auditors on the implementation of IFRS 17 – Insurance Contracts – which is effective as of 1 January 2023; and
- received the report of an independent, external assessment of the GIA function conducted by the Institute of Internal Auditors which assessed GIA as "generally conforming" which is the highest possible rating.

5. CONTINUING EDUCATION

In keeping with the Committee's mandate and focus on continuing education, members of the Group's audit committees participated in the GK Directors and Management Training Workshops. Topics covered included Compliance Obligations and Emerging Issues for Boards and Senior Management; Environmental, Social and Governance; Characteristics of the Modern Corporate Foundation; Technology Trends 2022; Data Harvesting – The Competitive Edge; and the Role of the External Auditor.

Peter E. Williams
Chair, on behalf of the Audit Committee

82 Corporate Governance & Nomination Committee Report

Anthony Lawrence

Retired Global Brand Manager of GK Foods and current Deputy Chair of the Grace & Staff Community Development Foundation who first joined our GK team in 1982

CORPORATE GOVERNANCE & NOMINATION COMMITTEE REPORT

For the Year ended 31, December 2022

A Strong Foundation Of Corporate Governance:
Building A Bright Future Together Through Great People.
Our Story Continues.

Scan here to view our Corporate Governance Code

OUR BOARD OF DIRECTORS - COMPOSITION, ROLE AND RESPONSIBILITIES

"The long-term success of our Company depends on the strength of our corporate governance framework which impacts our culture and values. At GraceKennedy, corporate governance is a strong competitive advantage that has contributed to our legacy of over 100 years in business."

A board that provides strong leadership is at the core of a well-established and effective corporate governance framework. Accordingly, GraceKennedy's Corporate Governance Code and Board terms of reference (Board TOR), complemented by other applicable GK policies, have been developed and are updated in keeping with international best practices. These policies set the standards and expectations for corporate governance across our Group, as well as the role and responsibilities of our Board.

The GraceKennedy Limited Board is a mix of executive and non-executive Directors with diverse experiences, skillset competencies, and backgrounds, which positively impact its functioning and effectiveness. Some of these are set out in the table below.

Name of Director	Academic Qualifications & Professional Affiliations	Expertise	Committee/Sub-Committee
Prof. Gordon V. Shirley, OJ	Doctorate in Business Administration (Operations Management (DBA), MSc. Business Administration (Operations & Finance) (MBA), BSc. (Mechanical Engineering)	Technology Product/ Service	Corporate Governance & Nomination Committee Member Compensation Sub-Committee Chairman
Mary Anne V. Chambers, O.Ont., M.S.M., Hon LL.D (Retired from Board on September 8, 2022)	B.A. (Hons.) (with majors in Commerce & Political Science); Executive Management Programme; Fellow of the Institute of Canada Bankers (Hons.); Chartered Director (C.Dir.), The Director's College, McMaster University & The Conference Board of Canada	Banking, Technology, Corporate Governance	Audit Committee Member Corporate Governance & Nomination Committee Member

Name of Director	Academic Qualifications & Professional Affiliations	Expertise	Committee/Sub-Committee
Dr. Parris A. R. Lyew-Ayee, Jr	D.Phil. (Geography), BSc. (1st Class Hons.) Earth Sciences	Technology, Data Analytics	Audit Committee Member Corporate Governance & Nomination Committee Member Compensation Sub-Committee Member
Andrew R. Messado	MSc. (Distinction) (Accounting), BSc. (1st Class Hons.) (Accounting), Fellow Chartered Accountant (FCA)	Accounting, Finance	N/A
Dr. Indianna D. Minto-Coy	PhD. (Economics & Political Science), MSc. (Government), BSc. (Public Administration & International Relations)	Diasporas, Migration, Entrepreneurship, Corporate Governance	Audit Committee Member Corporate Governance & Nomination Committee Member
Gina M. Phillipps Black	Bachelor of Laws (LLB), Certificate of Legal Education (CLE)	Legal, Corporate Governance	Corporate Governance & Nomination Committee Chairman
Vanessa Rizzioli	Master of Law (LLM) (Corporate, Securities and Commercial Law), Bachelor of Law (LLB), Chartered Governance Institute UK & Ireland	Legal, Corporate Governance, Corporate Financing	Corporate Governance & Nomination Committee Member Audit Committee Member
Donald G. Wehby, CD	MSc. (Accounting), BSc. (Hons.) (Accounting), Fellow Chartered Accountant (FCA)	Accounting, Finance	N/A
Peter E. Williams	B.A. (Hons.) (History and Political Science), Fellow of the Association of Chartered Certified Accountants (UK) and Institute of Chartered Accountants of Jamaica (ICAJ)	Accounting, Finance	Audit Committee Chairman Corporate Governance & Nomination Committee Member Compensation Sub-Committee Member

At the start of 2022, 70% of the members of the Board were male and 30% female. Under GK's Corporate Governance Code the Board must be comprised of at least 30% males and 30% females. In keeping with our succession plans for the Board and boards across the GK Group, the CGNC recommended, and the Board accepted, the appointment of Vanessa Rizzioli to the GK Board, which became effective on July 28, 2022. Subsequently in September 2022 Director Mary Anne Chambers retired from the Board.

BOARD COMMITTEES

The GK Board has established committees and subcommittees, constituted on an ongoing basis, or ad hoc, with authority to carry out specific functions. These committees are convened so that a small subset of the Board, with or without management members, may focus on specific issues. This ensures that appropriate attention is paid to the specific issue, and also facilitates sound and timely decision making. In keeping with good governance principles, the decisions of the committees and subcommittees are reported directly or ultimately to the Board and, where required, are ratified by the Board.

The standing committees are the CGNC, the Audit Committee, and the Banking & Transfer Committee. The Compensation Sub-Committee is a permanent subcommittee of the CGNC. The Board also approved the formation of an ad hoc policy sub-committee to review and approve board policies on behalf of the Board.

During the year, all committees reviewed their terms of reference and recommended revisions to the Board for approval. The Board also reviewed and revised its own terms of reference, which may be viewed on the Company's website. The committees and Board took into consideration all relevant legislation, rules and regulations, as well as international best practices, when reviewing their terms of reference.

Scan here to view our Terms of Reference for Directors

THE CHAIRMAN

The Board is led by an independent non-executive Chairman, Professor Gordon Shirley. He manages the conduct of the Board as it discharges its responsibilities to define and implement the Company's strategy.

During 2022 Professor Shirley guided the Board's discussions on GK's 2030 vision, aligning it with targets to be achieved over the next eight (8) years. The Chairman also ensures that there is constructive and engaging discussion among the non-executive Directors, and between executive and non-executive Directors. This necessitates that the Chairman, with the assistance of the Company's Secretary, sees to it that the Board receives accurate, timely and clear information to enable it to make sound decisions. The GK Group Chief Executive Officer (CEO) submitted a formal report to the Board five (5) times in 2022, at each Board Meeting. These reports kept the Board informed about material developments within the Group and its operating environment and included a section on significant unplanned events which otherwise may not have been reported on.

COMPANY SECRETARY

The Company Secretary is an officer of the Company and provides support to the Board, in particular the Chairman, on governance-related matters, and oversees the Company's compliance with governance procedures and policies, as well as its legal, regulatory, and financial obligations. The Company Secretary's role extends to the filing of statutory documents and communicating with regulatory bodies, including the Jamaica and Trinidad & Tobago Stock Exchanges, on which the Company is listed, the Financial Services Commission of Jamaica, and the Trinidad & Tobago Securities Exchange Commission. The position of Company Secretary is held by Mrs Gail Moss-Solomon, who is also the General Counsel for GK.

BOARD MEETINGS AND AGENDA

The Board is required, by its TOR, to meet regularly, and at a minimum quarterly, to provide oversight of the business, and monitor the performance of Management with respect to the agreed strategic initiatives and risk management framework. During the year, the Board met five (5) times. Special standing and ad hoc meetings were also convened at the Board and committee levels to discuss specific matters.

Agendas for Board and committee meetings are prepared based on a standing agenda of matters to be considered during the year, but where there are extraordinary matters that arise for consideration, the agenda may be changed to accommodate those matters. The standing agendas are reviewed and approved annually by the CGNC and the Board. The Company Secretary prepares the meeting agenda and documents and circulates them at least one week ahead of the scheduled meeting. This ensures that Directors have adequate time to review documents and prepare for meetings. Under the guidance of the Chairman, Board meetings are structured to allow for sufficient time to be spent setting the Company's strategic objectives and monitoring their implementation and achievement. The Board discussions are constructive and foster thoughtful debate on the issues presented for the Board's consideration.

A Strong Foundation of Corporate Governance- Independence, Transparency, Accountability and Trust.

INDEPENDENCE

The ongoing assessment of Directors' independence is a critical component of our governance framework. Our non-executive Directors are expected to objectively monitor the Company's key performance indicators and challenge Management's performance in the implementation of the Board's approved strategy and agreed goals and objectives. Having a majority of non-executive, independent Directors on the Board, promotes increased transparency and accountability. All non-executive Directors are members of the CGNC.

Our Corporate Governance Code defines the criteria for determining a Director's independence. The Director must not have any interest, position, affiliation, or relationship that might influence or reasonably be perceived to influence, in a material respect, their capacity to bring independent judgement on issues before the Board.

To assist the Board in its assessment of whether a Director may continue to be considered independent, the CGNC from time to time reviews the Directors' declarations and other information. All non-executive Directors that served on the Board during the reporting period, including the Chairman, were considered independent.

The GK Group CEO, Don Wehby, and Group Chief Financial Officer (CFO), Andrew Messado, serve as the two executive Directors on the Board.
Non-executive Directors have opportunities for open and frank discussion in private sessions without Management. These discussions are structured and are generally held immediately following each Board meeting. These private discussions are led by the Chairman, and non-executive Directors may raise any matter, whether arising from that meeting or otherwise. Any Director is also able to raise matters with the Chairman independently of any other member, and outside of a meeting.

CGNC meetings are also structured, beginning with a private, members only session, during which the non-executive Directors discuss governance matters. This meeting is followed by a private members session with the GK Group CEO. This session provides the Group CEO with an opportunity to raise matters that should be discussed, without other Executives or members of the management team present, or before raising them at the Board meeting. The Group CEO is also presented with the opportunity to privately raise matters and seek guidance from the CGNC on areas of key performance and execution of strategic objectives.
The structure of these meetings provides opportunities for transparent, open discussion.

TRANSPARENCY AND ACCOUNTABILITY

Directors are required to avoid conflicts of interest. Upon their appointment, and each year thereafter, Directors declare their interests, so that an assessment can be made as to whether there are potential or actual conflicts which may adversely affect their ability to effectively carry out their role and fulfil their duties. Directors are also obliged to provide, in a timely manner, updates relating to changes in their declarations and report any significant changes in demands on their time. Where conflicts cannot be avoided, Directors are expected to inform the CGNC, Board, or Chairman at the earliest opportunity so that appropriate steps can be taken to manage that conflict.

Board Members are required to attend Board and assigned committee meetings, and to prepare for, and participate actively in those meetings. The CGNC is pleased to report that attendance of the Company's Directors at Board and committee meetings continues to be outstanding, evidencing their commitment to the proper fulfilment of their duties and responsibilities.

Name of Director	Executive (E)/ Non- Executive (NE)	Board *	Corporate* Governance & Nomination Committee	Audit Committee*	Compensation Sub-Committee	Date of Appointment to Board
Prof. Gordon V. Shirley, OJ	NE	5/5	4/4	N/A	2/2	30-May-96
Mary Anne V. Chambers, O.Ont., M.S.M., Hon LL.D (Retired from Board on September 8, 2022)	NE	3/5	3/4	4/5	N/A	26-May-11
Dr. Parris A. R. Lyew-Ayee, Jr	NE	5/5	4/4	5/5	2/2	06-Mar-13
Andrew R. Messado	E	5/5	N/A	N/A	N/A	01-Apr-19
Dr. Indianna D. Minto-Coy	NE	5/5	4/4	5/5	N/A	26-Jun-18
Gina M. Phillipps Black	NE	5/5	4/4	N/A	N/A	08-Feb-12
Vanessa Rizzioli (Appointed to Board and Corporate Governance & Nomination Committee on July 28, 2022) (Appointed to Audit Committee on November 10, 2022)	E	3/5	2/4	N/A	N/A	28-Jul-22
Donald G. Wehby, CD	NE	5/5	N/A	N/A	N/A	05-Oct-09
Peter E. Williams	NE	5/5	4/4	5/5	2/2	1-Apr-21

* Includes Special and Ad Hoc meetings

The CGNC also reviews the Directors' attendance schedule for key operating companies in the GK Group and considers whether the attendance record of any Director should be of concern or requires further enquiry, or action.

BOARD EVALUATIONS

To foster a culture of accountability and transparency, a formal evaluation of the Board's performance, and that of its committees, is undertaken annually to assess their effectiveness. The evaluation is conducted by the GK Group's Business Intelligence Unit and is administered electronically using an online survey tool. Every other year, the evaluation is extended to cover self and peer evaluation of each Director. The full format evaluation conducted in alternate years involves an assessment of the GK Board, a self-assessment, and a peer assessment of Board Members. The self and peer assessments solicit responses with respect to the overall performance of the Board Members, such as skills and attributes, preparedness and participation in meetings, effectiveness, and understanding of the Board Member's responsibilities. The shorter format evaluation places less emphasis on the peer review and more emphasis on the Board's overall performance and dynamics, captured by questions related to Board structure, culture, content and analysis of management reports, Board conduct and the monitoring of risks and trends. The last externally facilitated board evaluation was conducted in 2020 and the next is on track to be administered in 2023 in accordance with the three year cycle for externally facilitated evaluations.

A Board evaluation report is produced which highlights the key findings, including the strengths and weaknesses of the Board. It also notes the areas agreed on by the Board for implementation, to improve any weaknesses that may have been identified.

The one-on-one discussions with Directors following Board evaluations are led by the Chairman supported by the Chairs of the CGNC and Audit Committee. The Chair of the CGNC leads the one-on-one discussion with the Board's Chairman on his performance evaluation, and they are joined by the Chairman of the Audit Committee.

The CGNC also receives evaluation reports from the Chairs of the subsidiary boards which are considered key operating subsidiaries. The audit committees of regulated entities within the GK Group are also evaluated every two years.

The outcome of the evaluation exercise is important for gauging a Director's contribution and demonstrated commitment to the Board, and helps the CGNC determine what areas may be appropriate for training in the following year.

A Strong Foundation of Corporate Governance- Effective & Quality Orientation & Training

NOMINATION & APPOINTMENT OF DIRECTORS

The Company's Appointment of GraceKennedy Group Directors Policy governs the nomination, selection, and appointment process for directors. The CGNC uses a Director's Competency Matrix, and the board evaluation tool, along with an update on the relevant companies' needs when reviewing board composition or to identify and fill existing or potential skill gaps.

The review of board compositions also enables the CGNC to fulfil its mandate to ensure orderly succession planning and that an appropriate balance of skills and experience is maintained on the Board. At the subsidiary board level this review ensures independent oversight and compliance with any applicable regulatory requirements. The CGNC reviewed the composition of subsidiary boards, with a view to identifying those boards which required strengthening or additional skillsets and, where appropriate, made recommendations for appointments to the chair of those boards.

When considering the suitability of a nominee for appointment as a director of a subsidiary, the CGNC evaluates the nominee's qualifications, experience, and background, as well as the results of due diligence checks, to make a recommendation to the Board for appointment. The Company Secretary must confirm that the due diligence checks undertaken did not uncover any adverse findings which could affect the nominee's suitability for appointment.

The Chairman of the Board, the Group CEO, and the Chair of the CGNC will also interview the nominee. The interview covers any area of potential conflict of interest, considerations that may impact the independence of the nominee and whether the nominee is able to devote the time necessary to prepare in advance and to attend Board and, where applicable, committee meetings. The Group CEO, Chairman of the Board and its CGNC Chair conducted several of these interviews during the period covered by this report.

The appointment of Executives to boards in the GK Group, except for the Divisional Boards, continues to be made by the Group CEO, in consultation with the Executive Committee. The process of appointment of Executives to the Divisional Boards follows the same procedure as that for non-executive Directors.

The re-election of a retiring Director is subject to satisfactory Board performance. The CGNC and Board consider the performance of a Director who is eligible for re-election, among other factors such as required proficiencies, time availability, and considerations upon which their independence is determined.

The Board does not currently have tenure limits for non-executive Directors, other than as provided in the Company's Articles. The term limits for subsidiary board directors is three terms of three years each, and a maximum term/term limit of nine years.

ORIENTATION OF NEW DIRECTORS

The Company Secretary is responsible for the onboarding of new Directors. New Directors participate in a comprehensive induction to the Company's affairs upon joining the Board. This process commences with a formal letter of appointment and Board package, containing key terms and conditions of the appointment, the Company's Code of Ethics, statements of the Director's duties, rights and responsibilities, a confirmation of the time commitment envisaged, and the Board's expectations regarding involvement with committee work.

A clear understanding of the Company's business, vision and values, and strategic, operational, financial, compliance and risk management outlook are required for a Director to properly discharge their duties. For this reason, during the introduction and induction period, the new non-executive Director is exposed to the Company and its subsidiaries through the provision of business and financial information, as well as the convening of one-on-one meetings with members of the Senior Management team, where additional information and clarification are provided. The CGNC has directed that this should also include a session on the GK Group's financials, given their complexity. The complex nature of the Company's financials is due to the geographical spread and diversity of the GK Group's operations, as well as the reporting requirements for several subsidiaries within various business segments.

Directors' Liability Insurance cover is currently in place for Directors of the Company and its subsidiaries, and this is renewed annually. Each year, directors of the GK Group are provided with a confirmation that this insurance cover is in place.

TRAINING AND DEVELOPMENT

In consultation with the CGNC, the Company Secretary facilitates important continuous learning and the development of Directors' skills through the annual Directors' training as well as ad hoc and sector specific training. These sessions are facilitated by local and overseas experts in areas which impact GK's businesses and strategic objectives.

Directors are required to continuously update and refresh their skills and knowledge to effectively discharge their duties. The CGNC is responsible for ensuring appropriate board orientation, training, and development activities for the directors of the Group. GraceKennedy tangibly demonstrates its commitment to, and expectation of, appropriate corporate decision-making practices, by its approach to training for Directors, Executive Management, and staff, in technical and legal matters, corporate culture and ethics.

Additionally, Directors are advised that they are expected to communicate with the CGNC regarding any continuing professional education and development programmes that may be considered desirable for the proper discharge of their duties and the Group's success. Subsidiary Boards are also required to engage in sector-specific training during the year.

Our annual Director's Training Workshop has continued to be an essential tool for the ongoing development of directors and senior managers across the GK Group. The sessions cover topics that are considered relevant and important for refreshing the skillsets of the directors and management team. They also assist in keeping directors and Management abreast of the latest developments in the legal, regulatory and business environment, including corporate governance, audit, strategy and information technology. In 2022, 100% of our GK Directors and over 130 directors of our subsidiaries and Senior Managers from across the Group participated in these training sessions which covered the following topics:

- Compliance Obligations and Emerging Risks for Board and Senior Management
- Environmental, Social and Governance Trends and Expectations for Boards
- Tech Trends 2022
- Data Harvesting –The Competitive Advantage
- The Role of the External Auditor
- Characteristics of the Modern Corporate Foundation

In addition to the annual Directors' Training Workshop, the CGNC and its members regularly share research, articles, presentations, and briefings on topics that are pertinent to, or considered to have the potential to impact GK's businesses, operations, customers, or staff.

Managers and Executives across the GK Group also received additional training during 2022 which covered:

- Leadership Development & Change Management
- Leading with Emotional Intelligence
- Performance Coaching
- Strategic Thinking & Planning
- Certified Agile Leadership

A Strong Foundation of Corporate Governance- A Robust Framework of Policies and Procedures and Internal Controls

GraceKennedy's reputation as a leader in good corporate governance is founded on the principles and standards by which the Company, its Directors, employees, and agents are expected to operate. Our commitment to our core principles of *Honesty, Integrity, and Trust,* flows through our culture, strategic objectives, systems, and structures, and has engendered the confidence of our customers, partners, other stakeholders and the communities in which we operate. These values are embodied in our Code of Ethics & Guidelines for Business Conduct (Code of Ethics).

Employees and Directors are provided with a copy of the Code of Ethics upon their employment or appointment. On an annual basis, employees and Directors are required to confirm that they were compliant with the Code of Ethics during the previous year. A report is delivered to the CGNC on any employee or director who has not delivered this confirmation as required, and the appropriate steps are taken to ensure compliance. Compliance with the Code of Ethics is an important matter, and failure to comply is deserving of careful consideration by the CGNC. Breaches or potential breaches of the Code of Ethics must also be reported, and infractions are taken seriously and may result in disciplinary action in the case of employees, and termination or non-renewal of the term in the case of a director.

Scan here to view our Code of Ethics

In addition to the Code of Ethics, GK has developed several other policies to guide and determine business conduct and practice, protect our business interests, mitigate risks, and ensure compliance with applicable laws and regulations. These polices are grouped into discrete areas such as Human Resources, Finance, Audit, Legal and Risk. They are shared with staff using one easily accessible location on our staff intranet allowing for greater transparency, accountability, and improved governance.

The Board understands the importance of enterprise risk management, risk mitigation, compliance standards and their application. A formal Delegation of Authority policy is in force, and the Board approves and monitors delegations to and by the Group CEO, to Senior Management. This monitoring assists the Group CEO and the Board in ensuring that strategic decisions reflect good governance, and that the principles laid out in the Company's Code of Ethics are honoured.

Our employees are important stakeholders in our corporate governance framework, and this is affirmed through the application of our Code of Ethics and policies related to safety and welfare, including our Infectious Diseases & Viruses, Corporate Social Responsibility, Flexible Work Arrangement and Community Involvement policies.

The GK Group's Whistleblowing Policy protects persons who, in good faith, report actual or perceived breaches, irregularities or wrongdoing within the GK Group. The Policy has been made available to stakeholders on our website. Reports are investigated through the Audit Committee.

Scan here to view our Whistle Blowing Policy

GraceKennedy is committed to a reliable process through which breaches, irregularities or concerns over any wrongdoing occurring within the Group may be reported. All employees are responsible for reporting to the Company breaches and suspected breaches of the Code of Ethics or the Company's policies, and deficiencies in its policies, procedures, or controls. The Whistleblowing Policy provides that employees should generally make reports by using the usual chain of communication - that is, to their immediate supervisor. Failing that, the employee can then make reports to the supervisor's supervisor, and so on up to the Group CEO. If an employee is not comfortable using the usual chain of communication, he or she may make the report directly to other members of senior management identified in the policy. Additionally, the policy also guarantees employees the availability of a Whistleblowing hotline, to make a report. This hotline is administered by an independent external provider, and reports can be made without fear of loss of job or other reprisals. Periodically, reports are received by the Chairman, Group CEO and Board, as may be appropriate in the circumstances of each case regarding whistleblowing matters. All reports are to be handled promptly and investigated fairly, without regard to alleged wrongdoer's length of service, position/title, or relationship to other Company employees or the Company. Management of GK and throughout the Group are required to fully support and cooperate with any investigation into a report received through the whistleblowing process.

AN EFFECTIVE RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

Our strong risk management and internal controls are overseen by the Group Chief Compliance Officer & Senior Legal Counsel, who provides reports to the Board through the Audit Committee. These reports provide the Board with details of the informed decision-making processes, efficient allocation of resources, ongoing evaluation of risks and uncertainties facing the Company, and the strategic steps taken to manage and mitigate those risks through sound risk management and internal control systems.

COMMUNICATION

In addition to the communication between the Board and Management, there is open, clear, and constructive dialogue between the Company and its other stakeholders. The CGNC ensures that shareholders have an opportunity to make the Board aware of their views, issues and concerns, and to understand the Company's strategy, operations and performance.

The GK Annual General Meeting (AGM) continues to be an important forum for shareholders to engage with Management and Directors to get a better understanding of various aspects of the Group's operations. The 2022 AGM was held in hybrid format to facilitate wider shareholder participation and engagement. Shareholders were able to join the meeting virtually and cast votes, make remarks and ask questions as they would in person. The Company's Articles of Incorporation facilitate the hosting of AGMs in this format. The Articles can be found on the Company's website at:

Scan here to view our Articles of Incorporation

The minutes of our AGM, and the questions and answers are made available to shareholders on our website. They will also be available at the next AGM. Additionally, shareholders are advised that they may request a copy of the minutes by sending an email to gracekennedy@gkco.com. A copy will then be emailed to the shareholder or may be collected from GK's Head Office in Jamaica. A video recording of the AGM is also available online on GK's YouTube channel:

Scan here to visit our YouTube channel

GraceKennedy uses several other mechanisms to actively keep shareholders and stakeholders informed and engaged, including the websites, social media pages and print publications of the Company and its subsidiaries.

Material or significant developments within the Company are communicated by way of Stock Exchange announcements, press releases, and where applicable, notices published in the daily newspapers circulating in Jamaica and Trinidad & Tobago. Press releases are also posted on the Company's website:

Scan here to visit our Media Centre

At biannual Investor Briefings, the Group CEO and the Group CFO discuss recent financial statements, updating shareholders and stakeholders on developments within the GK Group. These briefings take the form of online presentations and are open to the public, allowing anyone to watch via a live internet stream. Questions may be submitted for the Group CEO via email before or during the briefing. Responses are usually provided live. Notices of these briefings are posted on the Jamaica and Trinidad and Tobago Stock Exchanges' websites and GK's social media pages.

The Company also publishes interim and full year results, as well as this Annual Report and accompanying financial statements. Shareholders have direct access to the Company's Registrar and may reach out with questions via our dedicated investor relations email address at gkinvestor@gkco.com.

COMPENSATION SUB-COMMITTEE REPORT

A Strong Foundation of Corporate Governance - Well-managed and accountable decision-making at all levels of our Business

The Compensation Sub-Committee is comprised of independent non-executive Directors, Prof. Gordon Shirley (Chairman), Dr. Parris Lyew-Ayee, Jr. and Peter Williams. The Sub-Committee met twice during 2022, in keeping with the requirements of its terms of reference to discharge its responsibilities. All members attended the scheduled meetings

The Sub-Committee determines the total compensation of the Group CEO and Senior Executives, and the remuneration of the non-executive Directors of GraceKennedy and its subsidiaries. Decisions taken by the Sub-Committee regarding compensation must support the business objectives of the Group, best practices, and all applicable rules and regulations.

The Sub-Committee is guided by the Corporate Governance Code which states that the levels of remuneration of GK's Executives and Directors should be sufficient to attract, retain and motivate persons of the quality required to run the Company successfully.

EXECUTIVE COMPENSATION

During the period covered by this report, the Sub-Committee reviewed and made recommendations regarding the total compensation of the Group CEO and Senior Executives, and assessed the performance of the Group CEO for the previous year against stated objectives.

The Sub-Committee also governs the Company's shareholder approved awards and option plans, including stock options granted to employees and directors across the Group. As part of GraceKennedy's 100th anniversary celebrations, and to increase staff engagement and share ownership in the Company, the Sub-Committee approved a stock offer to employees.

This approval was pursuant to a recommendation made by GK's Executive Committee and was in keeping with the 2009 Stock Option Plan and Rules.

The Board has implemented equity-based compensation and incentive schemes with the approval of shareholders. This includes the Long-Term Incentive Scheme (the LTI Scheme) for eligible employees. In 2022, the Sub-Committee considered the goals and targets under the LTI Scheme and the LTI allocations for 2023.

In addition to the LTI Scheme, GK has multiple performance-based incentive schemes in place that reward employees' achievements on a monthly, quarterly, or annual basis. These incentive-based plans reward staff based on a combination of the Company's performance compared to its budget and prior year results, as well as employees' performance on jointly agreed and quantifiable individual objectives.

DIRECTORS' COMPENSATION

The fees paid to non-executive Directors in 2022 are reflected in the table below. In addition to these fees, pursuant to the approval of the Sub-Committee, each non-executive Director was granted the amount of J$847,439 to purchase GraceKennedy shares on the open market in the name of the Director. This amount was prorated where applicable for months served on the Board during the year by the Director. Executives who serve on Boards within the GK Group do not receive fees for services performed in this capacity.

During the year the Sub-Committee also considered and approved a recommendation from the Group CEO, supported by the Group CFO, regarding the setting of fees for the non-executive Directors of GraceKennedy Limited and its subsidiaries for 2023.

BOARD FEES (2022) (Payable to Non-Executive Directors only)	
ANNUAL RETAINERS	
All Directors	$2,181,690
Additional Retainer Board Chair	$3,781,100
Additional Retainer Corporate Governance & Nomination Committee Chair	$478,940
Additional Retainer Audit Committee Chair	$1,260,370
Additional Retainer Compensation Sub-Committee Chair	$319,270
PER MEETING ATTENDANCE FEES	
Board Meetings	None
Audit Committee meetings	$182,540
Other Committee meetings	$60,850

Our Future is Bright - Recognition of our Excellence in Corporate Governance and Progress towards ESG

ENVIRONMENTAL SOCIAL GOVERNANCE

GK has embarked on an ESG journey in keeping with our commitment to being a good corporate citizen and playing our part in securing a more sustainable future for generations to come. Our Foundations and subsidiaries also continue to do tremendous corporate social responsibility (CSR) work in the areas of education, environment, community outreach and poverty reduction. Our CSR initiatives are discussed further in this Annual Report and an ESG report will be published later in 2023.

AWARD WINNING CORPORATE GOVERNANCE

For the second consecutive year, GK was the proud winner of the Governor General's Award for Excellence at the 2021 Jamaica Stock Exchange (JSE) Best Practices Awards Ceremony held in December 2022.

GraceKennedy was also declared winner of the Private Sector Organization of Jamaica/JSE Corporate Governance Award and for Best Annual Report Award for companies listed on the JSE Main Market at the Best Practices Awards; and was the first runner up and second runner up respectively in the Corporate Disclosure & Investor Relations and Website categories.

We are extremely pleased that GK was recognised for the work we continue to do to entrench excellence in corporate governance in the way we do business. Governance must adapt to change. In business, regulation and strategic needs we will, therefore, continuously review and seek to enhance, our governance model and framework, guided always by our core principles of *Honesty, Integrity* and *Trust.*

Gina Phillipps Black
Chair, on behalf of the Corporate Governance & Nomination Committee

96 Audited Financial Statements

Magion Stephenson
Deputy General Manager,
Grace Foods & Services

Member of our GK team since 2004

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31 December 2022

Independent auditor's report

To the Members of GraceKennedy Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of GraceKennedy Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2022, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2022;
- the company income statement for the year then ended;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

In assessing the risk of material misstatement to the Group's consolidated financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the consolidated financial statements, we designed and performed audit procedures over various components. The Group comprised 47 reporting components, of which we selected 25 components, which represent the principal business units within the Group and covered entities within Jamaica, Barbados, Anguilla, Trinidad and Tobago, Eastern Caribbean Countries, Canada, the United Kingdom, the United States of America, and Guyana.

Of the 25 components selected, we performed an audit of the complete financial information of 14 components which were selected based on their size, risk characteristics or both. For the remaining 11 components, we performed audit procedures on specific accounts and / or specified procedures within that component that we considered had the potential for the greatest impact on the significant accounts in the consolidated financial statements, either due to the size of these accounts or their risk profile. The audit work performed covered 97% of the Group's total revenues and 93% of total assets.

In relation to the remaining components, we performed other procedures, including analytical review procedures and testing of consolidation journals, intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group's consolidated financial statements.

For components that are in scope of the Group audit, we used component auditors from PwC network firms and non-PwC firms who are familiar with the local laws and regulations to perform this audit work. Throughout the audit we had regular meetings and correspondence with management and component auditor teams to follow up on progress of work for all components. The Group engagement team reviewed workpapers relating to the audit approach and findings of the component auditors.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of incurred but not reported (IBNR) claims for general insurance contracts (Group) *Refer to notes 2(r), 4(iv) and 17 to the financial statements for disclosures of related accounting policies, estimates and balances.* As at 31 December 2022, total insurance reserves amounted to $11.93 billion which includes IBNR reserves of $1.11 billion or 0.89% of total liabilities of the Group. The methodologies and assumptions utilised to develop IBNR reserves involve a significant degree of judgment. There is generally less information available in relation to these claims, which can result in variability between initial estimates and final settlement. A range of methods may be used to determine these provisions. Management uses qualified external actuaries to assist in determining the valuation of IBNR claims. We focused on this area because there are a number of explicit and implicit assumptions relating to the expected settlement amount and settlement patterns of claims underlying these methods and the values determined are subject to complex calculations.	Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others: Tested the completeness, accuracy and reliability of the underlying data utilised by management, and their external actuarial experts to support the actuarial valuation. Performed a methods and assumptions analysis of the actuarial valuation prepared by the Group's actuary. Evaluated the assumptions used by management and assessed the methodologies used for appropriateness and consistency with established actuarial practice and methodologies used in the prior years. The results of our procedures indicated that management's valuation of IBNR claims for general insurance contracts was not unreasonable.

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – Probabilities of Default, Forward-Looking Information and Significant Increase in Credit Risk (Group) *Refer to notes 2(h), 3(c)(i), 4(viii), 6 and 9 to the financial statements for disclosures of related accounting policies, estimates and balances.* As at 31 December 2022, the Group's loans and advances totalled \$36.8 billion. The Group's investment securities measured at amortised cost and fair value through other comprehensive income (FVOCI) totalled \$45.3 billion. In aggregate, the above exposures represent 41% of total assets at the reporting date. The resultant impairment recorded under the expected credit loss (ECL) impairment model amounted to \$1.7 billion for loans and advances and \$353.6 million for debt securities. In assessing impairment, IFRS 9 prescribes a forward-looking ECL impairment model which takes into account reasonable and supportable forward-looking information as well as probability of default (PD). PD represents the likelihood of a borrower defaulting on their obligation over the next twelve months or over the remaining lifetime of the obligation. The twelve-month and lifetime PDs are determined differently for loans and advances and investments. For loans and advances, management developed PDs based on the Group's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio. For investment securities, which include debt securities comprising sovereign and corporate securities, PDs are developed by reference to external data collated by Standard & Poor's (S&P) with adjustments for industry and country specific risks, where appropriate.	Our approach to addressing the matter, with the assistance of our valuation specialist, involved the following procedures, amongst others: • Updated our understanding of management's ECL model including any changes to source data and assumptions. • Tested the completeness of all loans and advances and debt securities to determine whether all items were included in the ECL models by agreeing the models to detailed loans and securities listings. • Evaluated the reasonableness of management's judgments pertaining to PD, SICR and forward-looking information, including macroeconomic factors, impacting the weighting of the scenarios as follows: **Loans and advances** PD: • Tested the critical data fields used in the ECL model for the PD determination, such as default date, effective interest rate, write-off data, and loan type by tracing data back to source documents. • Reperformed the calculation of days past due, a key data input into the PD parameter, in the Group's banking system on a sample basis. SICR: • Evaluated staging of loans and advances and compared our results to those identified and classified by management.

Key audit matter	How our audit addressed the key audit matter
The estimation and application of forward-looking information requires significant judgement. Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) which most closely correlate with credit losses in the relevant portfolio. Each macroeconomic scenario used in the ECL calculation incorporates forecasts of the relevant macroeconomic variables. In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). The consideration for days past due as well as adverse changes in a borrower's credit rating, industry or the economic environment are factors considered in determining whether there has been a SICR. The estimation of ECL in Stage 1 and Stage 2 is a discounted, probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts which are publicly available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions. We focused on this area due to the complexity of the techniques used to determine PDs and identify SICR, and the number of significant judgements made by management regarding possible future economic scenarios as it pertains to debt securities and loans and advances.	**Debt Securities** PD: • Tested the critical data fields used in the ECL model, such as the maturity date, amortised cost, accrued interest, credit rating and interest rate by tracing data back to relevant source documents. • Agreed the credit ratings and historical default rates used to calculate the PDs on a sample basis, to external sources such as external rating agencies. SICR: • Tested, on a sample basis, the accuracy of the initial credit risk and the credit risk at the reporting date using rating agency definitions of 'investment grade' and evaluated the appropriateness of the group classification of debt securities as Stage 2. • Performed an independent qualitative assessment for a sample of borrowers to determine if there was any adverse public information affecting the criteria used to perform the staging. • Inspected the financial statements of a sample of borrowers to determine if there was any significant downturn in financial performance. This aided in assessing the staging for borrowers. **Forward-Looking Information (Loans and advances and Debt securities):** • Assessed the reasonableness of the Group's methodology for determining economic scenarios including the appropriateness of the Gross Domestic Product and unemployment rate economic factors utilised by management. • Evaluated the reasonableness of the increase in the weighting used for the worst-case scenario by agreeing the forward-looking economic information to external sources published or pronounced by reputable third parties. • Sensitised the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probabilities of default, significant increase in credit risk and forward-looking information were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment for the United States of America (USA) operations (Group) *Refer to notes 2(g), 4(i) and 11 to the financial statements for disclosures of related accounting policies, estimates and balances.* The total carrying value of goodwill as at 31 December 2022 is $1.9 billion of which $1.13 billion relates to the USA operations. In accordance with IAS 36, 'Impairment of Assets', management performed an annual goodwill impairment assessment to determine whether the carrying value exceeded the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated and is therefore impaired at the reporting date. Goodwill relating to the recoverable amount of a CGU is calculated as the higher of the value-in-use and fair value less costs of disposal. Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at 31 December 2022. We focused on this area as the goodwill impairment assessment requires significant management judgment and estimation and is sensitive to changes in key assumptions. The key assumptions were assessed by management as being: • Revenue growth rate; • Discount rate; • Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) to revenue; and • Capital expenditure to revenue.	Our approach to addressing the matter, involved the following procedures, amongst others: • Updated our understanding of management's approach to performing their annual impairment assessment. This included the process by which management's key assumptions and methodologies were developed and assessing their appropriateness. • Compared previous forecasts to actual results in order to assess the performance of the business and the extent to which reliance could be placed on management's ability to forecast. • Tested the key assumptions as follows: ◦ Evaluated the revenue growth rate and the discount rate against valuations of similar companies. ◦ Evaluated the EBITDA and capital expenditure to revenue assumptions against internal and relevant externally derived data, where available. ◦ Tested the calculations for mathematical accuracy and assessed the sensitivity of the calculations by varying the key assumptions and adjustments within management's cash flow forecast. The results of our procedures indicated management's determination that goodwill was not impaired at the reporting date was not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Valuation of the defined benefit pension scheme and other post-employment obligations (Group and Company) *Refer to notes 2(m), 4(iii) and 14 to the financial statements for disclosures of related accounting policies, estimates and balances.* The Group has a defined benefit pension scheme and other post-employment obligations, which are significant in the context of the overall statements of financial position of the Group and Company. Pension scheme obligations totalled $20.5 billion for the Group and Company at 31 December 2022. The pension scheme obligations are included as part of the net pension asset of $1.8 billion on the respective statements of financial position. Other post-employment obligations amounted to $4.3 billion and $2.1 billion for the Group and Company respectively. We focused on this area as the valuation of the defined benefit pension liabilities and other post-employment obligations requires significant levels of judgment and technical expertise in determining appropriate assumptions. A number of the key assumptions can have a material impact on the calculation of the liabilities and obligations including: • salary increases; • inflation rates; • pension increases; • discount rates; and • mortality rates. Management uses external actuaries to assist in determining these assumptions and in valuing the defined benefit pension scheme and other post-employment obligations.	Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others: • Evaluated management's assumptions made in relation to the valuations of the defined benefit pension scheme and other post-employment obligations and the assumptions relating to salary increases, pension increases and mortality rates by comparing them to national and industry statistics and averages. • Agreed the discount and inflation rates used in the valuation of the pension scheme and other post-employment obligations to those issued by the Institute of Chartered Accountants of Jamaica and targets set by the Bank of Jamaica. • Performed inquiries with management and management's external actuary and evaluated the key economic assumptions used, in the calculation of the liability. • Tested the completeness and accuracy of data extracted and supplied to the Group's actuary, which is used for the actuarial calculations. The results of our procedures indicated management's valuation of the defined benefit pension scheme and other post-employment obligations was not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
March 1, 2023
Kingston, Jamaica

GraceKennedy Limited

Consolidated Statement of Financial Position

31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Cash and deposits	5	25,178,016	30,036,681
Investment securities	6	47,501,347	40,479,250
Pledged assets	6	28,875	9,361,518
Receivables	7	23,998,371	20,183,748
Inventories	8	22,029,962	19,228,919
Loans receivable	9	36,800,390	33,322,490
Taxation recoverable		1,431,955	1,063,158
Investments in associates and joint ventures	10	5,346,501	4,524,211
Investment properties	38	789,900	765,900
Intangible assets	11	6,368,497	6,176,933
Fixed assets	12	28,369,118	26,223,419
Deferred tax assets	13	1,355,301	1,332,769
Pension plan asset	14	1,824,473	7,097,995
Total Assets		**201,022,706**	**199,796,991**
Liabilities			
Deposits		52,655,288	48,143,926
Securities sold under agreements to repurchase		28,469	7,249,565
Bank and other loans	15	28,318,585	27,988,518
Payables	17	36,898,331	36,019,373
Taxation		1,213,519	789,425
Provisions	18	49,467	48,303
Deferred tax liabilities	13	1,803,487	1,783,144
Other post-employment obligations	14	4,298,567	6,768,762
Total Liabilities		**125,265,713**	**128,791,016**
Equity			
Capital and reserves attributable to the company's owners			
Share capital	19	264,596	284,387
Capital and fair value reserves	20	8,994,935	7,409,599
Retained earnings		53,650,656	50,318,566
Banking reserves	21	4,220,711	3,920,711
Other reserves	22	4,864,895	5,672,330
		71,995,793	67,605,593
Non-Controlling interests	23	3,761,200	3,400,382
Total Equity		**75,756,993**	**71,005,975**
Total Equity and Liabilities		**201,022,706**	**199,796,991**

Approved for issue by the Board of Directors on 1 March 2023 and signed on its behalf by:

Gordon Shirley — Chairman

Donald Wehby — Group Chief Executive Officer

GraceKennedy Limited
Consolidated Income Statement
Year ended 31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue from products and services		138,181,430	124,691,238
Interest revenue		4,750,271	4,618,633
Revenues	25	142,931,701	129,309,871
Direct and operating expenses		(136,092,938)	(121,572,171)
Net impairment losses on financial assets		(347,204)	(441,642)
Expenses	26	(136,440,142)	(122,013,813)
Profit before Other income		6,491,559	7,296,058
Other income	27	3,748,113	4,605,528
Profit from Operations		10,239,672	11,901,586
Interest income – non-financial services		558,772	586,292
Interest expense – non-financial services		(1,250,823)	(1,226,672)
Share of results of associates and joint ventures	10	673,191	414,911
Profit before Taxation		10,220,812	11,676,117
Taxation	29	(2,626,420)	(2,735,808)
NET PROFIT		7,594,392	8,940,309
Attributable to:			
Owners of GraceKennedy Limited	30	7,027,398	8,191,519
Non-Controlling interests	23	566,994	748,790
		7,594,392	8,940,309

		$	$
Earnings per Stock Unit for profit attributable to the owners of the company during the year:	32		
Basic		7.09	8.27
Diluted		7.02	8.21

GraceKennedy Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Profit for the year		7,594,392	8,940,309
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on revaluation of land and buildings		2,095,902	34,531
Changes in fair value of equity instruments at fair value through other comprehensive income		(63,316)	(64,871)
Remeasurements of post-employment benefit obligations		(1,421,851)	260,785
Share of other comprehensive income of associates and joint ventures		105,907	(12,739)
		716,642	217,706
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustments		(890,295)	1,394,327
Changes in fair value of debt instruments at fair value through other comprehensive income		(510,101)	(326,249)
Share of other comprehensive income of associates and joint ventures		(43,970)	153,254
		(1,444,366)	1,221,332
Other comprehensive income for the year, net of tax		(727,724)	1,439,038
Total comprehensive income for the year		6,866,668	10,379,347
Attributable to:			
Owners of GraceKennedy Limited		6,199,280	9,567,406
Non-Controlling interests	23	667,388	811,941
		6,866,668	10,379,347

GraceKennedy Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

		Attributable to Owners of the Parent						Non-Controlling Interest	Total Equity
	Note	Number of Stock Units '000	Share Capital $'000	Capital and Fair Value Reserves $'000	Retained Earnings $'000	Banking Reserves $'000	Other Reserves $'000	$'000	$'000
Balance at 1 January 2021		989,661	305,493	7,789,066	44,096,867	3,620,711	4,098,122	2,869,068	62,779,327
Profit for the year		-	-	-	8,191,519	-	-	748,790	8,940,309
Other comprehensive income for the year		-	-	(360,674)	259,354	-	1,477,207	63,151	1,439,038
Total comprehensive income for 2021		-	-	(360,674)	8,450,873	-	1,477,207	811,941	10,379,347
Transactions with owners:									
Issue of shares	19 (a)	15	737	-	-	-	-	-	737
Purchase of treasury shares	19 (b)	(1,000)	(101,738)	-	-	-	-	-	(101,738)
Share-based payments:									
Value of services received	19 (e)	-	-	-	-	-	231,560	1,672	233,232
Exercised		-	-	-	-	-	(29,145)	(144)	(29,289)
Transfer of shares to employees	19 (a)	42	2,229	-	-	-	(2,229)	-	-
Transfer of treasury shares to employees	19 (b)	1,291	77,666	25,795	-	-	(103,185)	(276)	-
Increase in non-controlling interests	23	-	-	-	-	-	-	83,216	83,216
Increase in non-controlling interests on acquisition of subsidiary	23	-	-	(61,880)	-	-	-	61,880	-
Dividends paid by subsidiaries to non-controlling interests	23	-	-	-	-	-	-	(426,975)	(426,975)
Dividends paid	31	-	-	-	(1,911,882)	-	-	-	(1,911,882)
Total transactions with owners		348	(21,106)	(36,085)	(1,911,882)	-	97,001	(280,627)	(2,152,699)
Transfers between reserves:									
To capital reserves		-	-	17,292	(17,292)	-	-	-	-
To banking reserves		-	-	-	(300,000)	300,000	-	-	-
Balance at 31 December 2021		990,009	284,387	7,409,599	50,318,566	3,920,711	5,672,330	3,400,382	71,005,975
Profit for the year		-	-	-	7,027,398	-	-	566,994	7,594,392
Other comprehensive income for the year		-	-	1,516,898	(1,419,268)	-	(925,748)	100,394	(727,724)
Total comprehensive income for 2022		-	-	1,516,898	5,608,130	-	(925,748)	667,388	6,866,668
Transactions with owners:									
Issue of shares	19 (a)	21	1,533	-	-	-	-	-	1,533
Sale of treasury shares	19 (b)	2,773	195,163	72,306	-	-	(139,616)	-	127,853
Purchase of treasury shares	19 (b)	(3,539)	(345,177)	-	-	-	-	-	(345,177)
Share-based payments:									
Value of services received	19 (e)	-	-	-	-	-	468,923	2,133	471,056
Exercised		-	-	-	-	-	(61,065)	(309)	(61,374)
Transfer of shares to employees	19 (a)	38	2,300	-	-	-	(2,300)	-	-
Transfer of treasury shares to employees	19 (b)	1,491	126,390	21,833	-	-	(147,629)	(594)	-
Transfer of non-controlling interests	23	-	-	-	-	-	-	38,997	38,997
Dividends paid by subsidiaries to non-controlling interests	23	-	-	-	-	-	-	(346,797)	(346,797)
Dividends paid	31	-	-	-	(2,001,741)	-	-	-	(2,001,741)
Total transactions with owners		784	(19,791)	94,139	(2,001,741)	-	118,313	(306,570)	(2,115,650)
Transfers between reserves:									
From capital reserves		-	-	(25,701)	25,701	-	-	-	-
To banking reserves		-	-	-	(300,000)	300,000	-	-	-
Balance at 31 December 2022		990,793	264,596	8,994,935	53,650,656	4,220,711	4,864,895	3,761,200	75,756,993

GraceKennedy Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
SOURCES/(USES) OF CASH:			
Operating Activities	33	(51,252)	17,067,182
Financing Activities			
Loans received		11,698,299	18,547,509
Loans repaid		(12,479,840)	(18,577,169)
Proceeds from issue of shares to non-controlling interests	23	-	83,216
Dividends paid by subsidiary to non-controlling interests	23	(346,797)	(426,975)
Purchase of treasury shares	19	(345,177)	(101,738)
Sale of treasury shares	19	127,853	-
Issue of shares	19	1,533	737
Exercise of share based payments	19	(61,374)	(29,289)
Interest paid – non financial services		(1,216,797)	(1,201,353)
Dividends	31	(2,001,741)	(1,911,882)
		(4,624,041)	(3,616,944)
Investing Activities			
Additions to fixed assets[(a)]	12	(1,930,222)	(1,721,591)
Proceeds from disposal of fixed assets		210,747	40,592
Additions to investments		(15,768,076)	(16,083,699)
Cash outflow on acquisition of subsidiary	39	(85,970)	(267,088)
Cash outflow on purchase of interest in associates and joint ventures		(496,093)	(95,000)
Proceeds from sale of investments		17,444,205	9,062,372
Net proceeds from disposal of joint venture		346,159	-
Additions to intangibles	11	(985,452)	(1,145,004)
Interest received – non financial services		641,873	565,900
		(622,829)	(9,643,518)
(Decrease)/increase in cash and cash equivalents		(5,298,122)	3,806,720
Cash and cash equivalents at beginning of year		27,911,181	23,319,788
Exchange and translation (losses)/gains on net foreign cash balances		(181,495)	784,673
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	22,431,564	27,911,181

The principal non-cash transactions include:

[(a)] Acquisition of right-of-use asset of $892,678,000 (2021: $923,680,000), (Note 12).

GraceKennedy Limited
Company Statement of Financial Position
31 December 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Assets			
Cash and deposits	5	2,974,595	3,200,012
Investment securities	6	7,167,954	8,165,151
Receivables	7	2,242,166	1,847,721
Inventories	8	4,662,440	5,222,211
Loans receivable	9	2,672,800	2,947,137
Subsidiaries	35	1,204,889	1,716,883
Taxation recoverable		323,927	141,881
Investments in associates	10	574,698	574,698
Investments in subsidiaries		20,450,636	19,117,773
Intangible assets	11	620,500	357,290
Fixed assets	12	2,776,834	3,087,679
Deferred tax assets	13	265,278	-
Pension plan asset	14	1,824,473	7,097,995
Total Assets		**47,761,190**	**53,476,431**
Liabilities			
Bank and other loans	15	11,424,197	11,077,468
Payables	17	3,635,603	4,073,741
Subsidiaries	35	1,917,735	3,587,877
Taxation		414,730	-
Deferred tax liabilities	13	-	905,826
Other post-employment obligations	14	2,065,803	3,173,684
Total Liabilities		**19,458,068**	**22,818,596**
Equity			
Share capital	19	264,596	284,387
Capital and fair value reserves	20	422,931	332,078
Retained earnings		27,324,273	29,830,405
Other reserves	22	291,322	210,965
Total Equity		**28,303,122**	**30,657,835**
Total Equity and Liabilities		**47,761,190**	**53,476,431**

Approved for issue by the Board of Directors on 1 March 2023 and signed on its behalf by:

Gordon Shirley — Chairman

Donald Wehby — Group Chief Executive Officer

GraceKennedy Limited

Company Income Statement

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue	25	29,238,580	25,282,019
Cost of goods sold		(22,176,706)	(19,074,724)
Gross Profit		7,061,874	6,207,295
Other income	27	5,937,002	6,404,241
Administration expenses		(10,626,682)	(9,855,266)
Net impairment losses on financial assets		(30,145)	(11,128)
Profit from Operations		2,342,049	2,745,142
Interest income		714,355	693,562
Interest expense		(682,688)	(548,453)
Profit before Taxation		2,373,716	2,890,251
Taxation	29	(156,618)	(217,612)
NET PROFIT	30	**2,217,098**	**2,672,639**

GraceKennedy Limited

Company Statement of Comprehensive Income

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Profit for the year	2,217,098	2,672,639
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Gains on revaluation of land and buildings	13,843	-
Changes in fair value of equity instruments at fair value through other comprehensive income	(17,129)	43,928
Remeasurements of post-employment benefit obligations	(2,721,489)	327,308
Other comprehensive income for the year, net of tax	(2,724,775)	371,236
Total comprehensive income for the year	(507,677)	3,043,875

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 29.

GraceKennedy Limited

Company Statement of Changes in Equity

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Stock Units '000	Share Capital $'000	Capital and Fair Value Reserves $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000
Balance at 1 January 2021		989,661	305,493	262,355	28,742,340	148,824	29,459,012
Profit for the year		-	-	-	2,672,639	-	2,672,639
Other comprehensive income for the year		-	-	43,928	327,308	-	371,236
Total comprehensive income for 2021		-	-	43,928	2,999,947	-	3,043,875
Transactions with owners:							
Issue of shares	19 (a)	15	737	-	-	-	737
Purchase of treasury shares	19 (b)	(1,000)	(101,738)	-	-	-	(101,738)
Share-based payments:							
Value of services received	22	-	-	-	-	160,174	160,174
Exercised		-	-	-	-	(19,549)	(19,549)
Transfer of shares to employees	19 (a)	42	2,229	-	-	(2,229)	-
Transfer of treasury shares to employees	19 (b)	1,291	77,666	25,795	-	(76,255)	27,206
Dividends paid	31	-	-	-	(1,911,882)	-	(1,911,882)
Total transactions with owners		348	(21,106)	25,795	(1,911,882)	62,141	(1,845,052)
Balance at 31 December 2021		990,009	284,387	332,078	29,830,405	210,965	30,657,835
Profit for the year		-	-	-	2,217,098	-	2,217,098
Other comprehensive income for the year		-	-	(3,286)	(2,721,489)	-	(2,724,775)
Total comprehensive income for 2022		-	-	(3,286)	(504,391)	-	(507,677)
Transactions with owners:							
Issue of shares	19 (a)	21	1,533	-	-	-	1,533
Sale of treasury shares	19 (b)	2,773	195,163	72,306	-	(139,616)	127,853
Purchase of treasury shares	19 (b)	(3,539)	(345,177)	-	-	-	(345,177)
Share-based payments:							
Value of services received	22	-	-	-	-	366,831	366,831
Exercised		-	-	-	-	(39,905)	(39,905)
Transfer of shares to employees	19 (a)	38	2,300	-	-	(2,300)	-
Transfer of treasury shares to employees	19 (b)	1,491	126,390	21,833	-	(104,653)	43,570
Dividends paid	31	-	-	-	(2,001,741)	-	(2,001,741)
Total transactions with owners		784	(19,791)	94,139	(2,001,741)	80,357	(1,847,036)
Balance at 31 December 2022		990,793	264,596	422,931	27,324,273	291,322	28,303,122

GraceKennedy Limited

Company Statement of Cash Flows

Year ended 31 December 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
SOURCES/(USES) OF CASH:			
Operating Activities	33	2,214,175	(12,193)
Financing Activities			
Loans received		7,971,845	11,510,344
Loans repaid		(7,899,074)	(10,318,191)
Purchase of treasury shares	19	(345,177)	(101,738)
Sale of treasury shares	19	127,853	-
Issue of shares	19	1,533	737
Exercise of share based payments	19	(39,905)	(19,549)
Interest paid		(660,181)	(522,271)
Dividends	31	(2,001,741)	(1,911,882)
		(2,844,847)	(1,362,550)
Investing Activities			
Additions to fixed assets[(a)]	12	(140,050)	(209,723)
Proceeds from disposal of fixed assets		57,540	7,594
Additions to investments		(4,051,452)	(2,307,097)
Loans receivable, net		274,336	(477,172)
Proceeds from sale of investments		4,836,615	1,487,907
Investment in subsidiary		(1,332,862)	(1,100,000)
Additions to intangibles	11	(351,086)	(164,511)
Interest received		797,456	673,171
		90,497	(2,089,831)
Decrease in cash and cash equivalents		(540,175)	(3,464,574)
Cash and cash equivalents at beginning of year		1,654,331	5,095,208
Exchange and translation (losses)/gains on net foreign cash balances		(1,311)	23,697
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	1,112,845	1,654,331

The principal non-cash transactions include:

[(a)] Acquisition of right-of-use assets of $Nil (2021: $1,457,000), (Note 12).

1. Identification

GraceKennedy Limited (the company) is a company limited by shares, incorporated and domiciled in Jamaica. The registered office of the company is located at 73 Harbour Street, Kingston, Jamaica.

The company is a publicly listed company having its primary listing on the Jamaica Stock Exchange, with further listing on the Trinidad and Tobago Stock Exchange.

The Group is organised into two divisions namely, GK Foods and GK Financial Group. The GK Foods division comprises all the food related companies while the GK Financial Group division comprises all the financial services companies in the Group. For the purpose of segment reporting the Group reports its results under the four segments described below.

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 Investments -
Commercial banking; stock brokerage; corporate finance; advisory services; and lease financing.

Insurance -
General insurance, health insurance, group and creditor life insurance, and insurance brokerage.

Money Services -
Operation of money transfer services, cambio operations and bill payment services.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of certain fixed and financial assets, investment properties and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, amendments and interpretations and has put into effect the following, which are immediately relevant to its operations.

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020

The Group also elected to adopt the following amendments early:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12, and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements a number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 17, 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023). This standard was issued as replacement for IFRS 4 'Insurance contracts' and requires a current measurement model where estimates are re-measured each reporting period. The Group is in the advanced stages of implementation of IFRS 17 and is continuing to refine the new accounting processes and internal controls required. A reasonable estimate of the financial impacts cannot be provided at this stage.

  Contracts in scope
  The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. The Group does not issue insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17 requirements. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.
  The Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

  Measurement
  The Group manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and profitability groups: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts.

  Portfolios of reinsurance contracts held are assessed for aggregation at the line of business level and are separately identified from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into profitability groups: (i) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (ii) remaining contracts in the portfolio.

  IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group. The Group will use the Premium Allocation Approach to measure all the insurance contracts issued and reinsurance contracts held, which is a simplified approach compared to the general model in IFRS 17. The Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise.

  The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows will be allocated to groups of insurance contracts on a systematic and rational basis. Acquisition cash flows will either be deferred and recognised over the coverage period of contracts in a group or expensed as incurred.

  The Group will not adjust the Liability for Remaining Coverage for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money. For the Liabilities for Incurred Claims (LIC), the estimates of future cash flows will be adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation.

  An explicit risk adjustment for non-financial risk will be estimated separately from the other estimates. It reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfills insurance contracts. Unless the contracts are onerous, the explicit risk adjustment for non-financial risk will only be estimated for the measurement of the LIC. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Changes to presentation and disclosure

For presentation in the statement of financial position, the Group will aggregate insurance issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

For the presentation in the income statement, the Group will report the following line items:

- Insurance revenue
- Insurance service expenses
- Net expenses from reinsurance contracts held
- Finance expenses from insurance contracts issued
- Finance income from reinsurance contracts held

IFRS 17 provides the option to report changes in economic and financial assumptions through other comprehensive income (OCI). The Group will not apply the OCI option to disaggregate insurance finance income or expenses between profit or loss and OCI. The Group will not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group will provide disaggregated qualitative and quantitative information in the notes of the financial statements about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Transition

On transition date, 1 January 2023, the Group will adopt IFRS 17 retrospectively. The full retrospective approach will be applied to the insurance contracts in force at the transition date. The Group will: identify, recognise and measure each group of insurance contracts as if IFRS 17 has always applied; derecognise any existing balances that would not exist if IFRS 17 has always applied; and recognise any resulting net difference in equity.

Accounting estimates

In applying IFRS 17 measurement requirements, the following inputs and methods will be used that include significant estimates.

Discount rates

The Group will use a bottom-up approach to determine discount rates. Risk-free discount rates will be determined using observed rates for Government of Jamaica bonds. An illiquidity premium will be selected using a range of approaches including the review of observed Bid-Ask spreads. The Group's claims settlement period is not expected to exceed the period over which observable market prices are available. This is not applicable for the health and life insurance businesses as they will not apply any discounting.

Risk adjustment for non-financial risk

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The risk adjustments for non-financial risk will be determined for the liabilities for incurred claims of all contracts using a confidence level technique. They will be allocated to groups of contracts based on an analysis of the risk profiles of the groups.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group will apply these techniques both gross and net of reinsurance and derive the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Group will estimate the probability distribution of the expected present value of the future cash flows from the contracts annually and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level will be 75 percent.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- Amendments to IAS 1, 'Presentation of financial statements' (effective for accounting periods starting not earlier than 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment. The Group is currently assessing the impact of these amendments.

- Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for accounting periods starting not earlier than 1 January 2023). Definition of Accounting Estimates to apply the concept of materiality to accounting policy disclosures. *Estimates and Errors* clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Sale or contribution of assets between an investor and its associate or joint venture- Amendments to IFRS 10 and IAS 28. The IASB has made limited scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 *Business Combinations*).

  Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. The IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Entity	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held by the parent company %	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interests %
Bluedot (2022) Limited	Jamaica	Data analytics	60	60	40
Consumer Brands Limited	Jamaica	General goods distributor	100	100	-
GK Investments Limited and its subsidiary –	Jamaica	Lease financing	100	100	-
Greenfield Media Productions Limited	Jamaica	Media rights holder	-	55	45
GraceKennedy Financial Group Limited and its subsidiaries –	Jamaica	Holding company	100	100	-
Allied Insurance Brokers Limited	Jamaica	Insurance brokerage	-	100	-
GK General Insurance Company Limited	Jamaica	General insurance	-	100	-
GraceKennedy Money Services Caribbean SRL and its subsidiary –	Barbados	Holding company	-	75	25
GraceKennedy Remittance Services Limited and its subsidiaries –	Jamaica	Money services	-	75	25
Grace Kennedy Currency Trading Services Limited	Jamaica	Money services	-	75	25
GraceKennedy Payment Services Limited	Jamaica	Money services	-	75	25
GraceKennedy Money Services (Anguilla) Limited	Anguilla	Money services	-	75	25
GraceKennedy Money Services (Antigua & Barbuda) Limited	Antigua & Barbuda	Money services	-	75	25
GraceKennedy Money Services (Bahamas) Limited	Bahamas	Money services	-	75	25
GraceKennedy Money Services (Montserrat) Limited	Montserrat	Money services	-	75	25
GraceKennedy Money Services (St. Kitts & Nevis) Limited	St. Kitts & Nevis	Money services	-	75	25
GraceKennedy Money Services (St. Vincent and the Grenadines) Limited	St. Vincent and the Grenadines	Money services	-	75	25
GraceKennedy Money Services (BVI) Limited	British Virgin Islands	Money services	-	75	25
GraceKennedy Money Services (Cayman) Limited	Cayman Islands	Money services	-	75	25
GraceKennedy Money Services (Turks & Caicos Islands) Limited	Turks & Caicos Islands	Money services	-	75	25
Grace, Kennedy Remittance Services (Guyana) Limited	Guyana	Money services	-	75	25
GraceKennedy (Trinidad & Tobago) Limited	Trinidad and Tobago	Money services	-	75	25
GK Insurance (Eastern Caribbean) Limited	St. Lucia	General insurance	-	89.3	10.7
GK Insurance Brokers Limited	Turks & Caicos	Insurance brokerage	-	100	-
GK Life Insurance Eastern Caribbean Limited	St. Lucia	Creditor life insurance	-	100	-
Key Insurance Company Limited	Jamaica	General insurance	-	73.2	26.8
Knutsford Re Limited	Turks & Caicos	Insurance	-	100	-
First Global Holdings Limited and its subsidiaries –	Jamaica	Holding company	25	100	-
First Global Bank Limited	Jamaica	Banking	-	100	-
GK Capital Management Limited	Jamaica	Investment manager	-	100	-
GraceKennedy Properties Limited	Jamaica	Property rental	-	100	-
GK Foods & Services Limited	Jamaica	Food trading	100	100	-
International Communications Limited	Jamaica	Dormant	100	100	-

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Entity	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held by the parent company %	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interests %
Grace Foods Limited	St. Lucia	Brand owner	100	100	-
GraceKennedy (Belize) Limited	Belize	Food trading	100	100	-
Grace Foods Canada Inc.	Canada	Food trading	100	100	-
Grace Kennedy (Guyana) Limited	Guyana	Dormant	100	100	-
Grace Kennedy (USA) Inc. and its subsidiary –	USA	Food trading	100	100	-
Grace Foods (USA) Inc. and its subsidiary –	USA	Food trading	-	100	-
GraceKennedy Foods (USA) LLC	USA	Food trading	-	100	-
GraceKennedy (St. Lucia) Limited and its subsidiary –	St. Lucia	Holding company	100	100	-
GK Foods (UK) Limited and its subsidiaries –	United Kingdom (UK)	Food trading	-	100	-
Grace Foods UK Limited	UK	Food trading	-	100	-
Enco Products Limited	UK	Food trading	-	100	-
Funnybones Foodservice Limited	UK	Food trading	-	100	-
Chadha Oriental Foods Limited	UK	Food trading	-	100	-
GraceKennedy Ghana Limited	Ghana	Food trading	-	100	-

The special purpose entity consolidated is the company’s employee investment trust.

During the year, the Group acquired 60% of the share capital of Bluedot (2022) Limited (Note 39).

In the prior year, the Group acquired 100% of the share capital of GK Life Insurance Eastern Caribbean Limited (formerly Scotia Insurance Eastern Caribbean Limited) (Note 39).

The Group also purchased additional shares in Key Insurance Company Limited, by way of a renounceable rights issue. As a result of some of the existing shareholders not exercising their rights, the Group purchased additional shares in excess of its existing proportionate share, resulting in an increase in the Group’s shareholding from 65.2% to 73.2% (Note 23) in 2021.

Additionally, GK Mutual Funds Limited was formed in 2021 but has not yet been capitalised and is expected to commence operations in 2023.

2. Significant Accounting Policies (Continued)

(c) Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control and has rights to the net assets of the investment. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investee after the date of acquisition. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate or joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the entity and its carrying value and recognises the amount adjacent to 'share of results of associates and joint ventures' in the income statement.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates and joint ventures are recognised in the income statement.

In the company's statement of financial position, investment in associates and joint ventures is shown at cost.

The Group's associates and joint ventures are as follows:

Entity	Financial Reporting Year-end	Country of Incorporation	Nature of Business	Nature of Relationship	Group's Percentage Interest 2022	Group's Percentage Interest 2021
Canopy Insurance Limited	31 December	Jamaica	Financial	Joint Venture	50.0	50.0
Catherine's Peak Bottling Company Limited	31 March	Jamaica	Food trading	Associate	35.0	35.0
CSGK Finance Holdings Limited	31 December	Barbados	Banking	Associate	50.0	40.0
Dairy Industries (Jamaica) Limited	31 December	Jamaica	Food trading	Associate	50.0	50.0
Gray's Pepper Products Limited	31 December	Jamaica	Food trading	Associate	33.3	33.3
Majesty Foods LLC	31 December	USA	Food trading	Associate	49.0	49.0
Pelican Power Limited	31 December	Jamaica	Investment/ Energy	Joint Venture	-	50.0
Telecommunications Alliance Limited	31 December	Jamaica	Dormant	Associate	49.0	49.0

The results of associates and joint ventures with financial reporting year-ends that are different from the Group are determined by prorating the results for the audited period as well as the period covered by management accounts to ensure that a year's result is accounted for where applicable.

During the year, the Group purchased additional shares in CSGK Finance Holdings increasing its shareholdings from 40.0% to 50.0%. The Group also sold its 50.0% shareholdings in Pelican Power Limited (Note 10).

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

(e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.

2. Significant Accounting Policies (Continued)

(e) Foreign currency translation (continued)

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement in other income.

Foreign exchange gains and losses are presented in the income statement within 'other income'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

Group companies
The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(f) Fixed assets
All fixed assets are initially recorded at cost. Freehold land and buildings are subsequently shown at market valuation based on biennial valuations by external independent valuers, less subsequent depreciation of buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount. All other fixed assets are carried at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Increases in carrying amounts arising on revaluation are credited to other comprehensive income and shown in capital reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against capital reserves directly in equity; all other decreases are charged to the income statement.

Depreciation is calculated on the straight line basis to allocate assets' cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings and leasehold buildings and improvements	10 - 65 years
Plant and machinery	5 - 20 years
Equipment, furniture and fixtures	5 - 10 years
Computer equipment	3 - 5 years
Vehicles	5 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

2. Significant Accounting Policies (Continued)

(f) Fixed assets (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining profit. When revalued assets are sold, the amounts included in capital and fair value reserves are transferred to retained earnings.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(g) Intangible assets

Goodwill
Goodwill is recorded at cost and represents the excess of the value of consideration paid over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is considered an indefinite life intangible asset and is not amortised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised in the income statement under expenses and are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Computer software
Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the software, which ranges from 3 to 8 years (2021: 3 to 5 years).

Policy contracts
Policy contracts are amortised over their estimated useful life which is 15 years and are carried at cost less accumulated amortisation. The cost of policy contracts comprises its purchase price and professional fees directly attributed to acquiring the asset.

Brands and Trademarks
Brands and trademarks are recorded at cost and represent the value of the consideration paid to acquire several well established and recognised beverage and ethnic food brands. These costs are amortised over the estimated useful life of the brands and trademarks, which ranges from 5 to 20 years.

Customer relationships
Customer relationships are recorded at cost and represent the value of the consideration paid to acquire customer contracts and the related customer relationships with several outlet operators and insurance clients. These costs are amortised over the estimated useful life of the relationships, which is between 5 to 15 years.

Supplier relationships
Supplier relationships are recorded at cost and represent the value of the consideration paid to acquire rights to distribute consumer products in specified locations. These costs are amortised over the estimated useful life of the relationships, which is between 10 to 12 years.

Bancassurance agreements
Bancassurance agreements are recorded at cost and represent the value of the consideration paid to acquire the rights to have insurance products sold using banking distribution channels. These costs are amortised over the estimated useful life of the agreements, which is
10 years.

Licences
Licences are recorded at cost and represent the value of the consideration paid to acquire the rights to operate under the regulatory framework in territories where registered. Licences are usually considered an indefinite life intangible asset so it will not require any annual amortisation. However, it will be subject to annual impairment testing.

2. Significant Accounting Policies (Continued)

(h) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss)
- those to be measured at amortised cost.

The classification depends on the business model used for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). Equity instruments held for trading are measured at fair value through profit or loss (FVPL).

The Group reclassifies debt investments only when its business model for managing those assets changes.

Measurement

Debt instruments
Measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in fair value are taken through OCI. The recognition of interest income and impairment gains or losses are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in the income statement using the effective interest rate method. Impairment losses are presented as a separate line item in the income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments
The Group measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in the income statement.

Impairment

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, loan commitments and certain financial guarantee contracts.

Application of the General Model
The Group has applied the 'general model' as required under IFRS 9 for debt instruments other than trade receivables. Under this model, the Group is required to assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The ECL will be recognised in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

The Group uses judgement when considering the following factors that affect the determination of impairment:

Assessment of Significant Increase in Credit Risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios

The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses three scenarios that are probability weighted to determine ECL.

Expected Life

When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Application of the Simplified Approach

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

2. Significant Accounting Policies (Continued)

(i) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to foreign exchange risk and interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each statement of financial position date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Gains and losses from the changes in the fair value of derivatives are included in the income statement.

(j) Investments in subsidiaries

Investments in subsidiaries are stated at cost.

(k) Impairment of non-financial assets

Fixed assets and other assets, excluding goodwill, are reviewed for impairment losses at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(l) Income taxes

Taxation expense in the income statement comprises current and deferred tax charges.

Current tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Investment tax credits are benefits received for investments in specific qualifying assets related to capitalised expenditure. Any portion of these tax credits which are received but not fully utilised in the same year are carried forward for offset against future taxes and are recognised similarly to unused tax credits as a deferred tax asset.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

2. Significant Accounting Policies (Continued)

(m) Employee benefits

Pension obligations
The Group participates in a defined contribution plan whereby it pays contributions to a privately administered fund. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs.

Pension plan assets
The Group also operates a defined benefit plan. The scheme is generally funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the statement of financial position date and the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of Government securities which have terms to maturity approximating the terms of the related liability.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in staff costs within expenses in the income statement.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations
Some Group companies provide post-employment health care benefits, group life, gratuity and supplementary plans for their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Equity compensation benefits
The Group operates equity-settled, share-based compensation plans. Directors, senior executives, management and key employees are awarded stock options and/or restricted stock grants. The fair value of the employee services received in exchange for the grant of the options or restricted units is recognised as an expense. The total amount expensed over the vesting period is determined by reference to the fair value of the options or restricted units granted, excluding the impact of non-market vesting conditions. When options are exercised or restricted units are vested, the proceeds received net of any transaction costs or the value transferred are credited to share capital.

Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

2. Significant Accounting Policies (Continued)

(m) Employee benefits (continued)

Incentive plans
The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's owners after certain adjustments. The Group recognises a provision where contractually obliged or where there is past practice that has created a constructive obligation.

(n) Inventories
Inventories are stated at the lower of average cost and net realisable value. In the case of the company, cost represents invoiced cost plus direct inventory-related expenses. For the subsidiaries, costs are determined by methods and bases appropriate to their operations. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(o) Trade and insurance receivables
Trade and insurance receivables are carried at original invoice amount (which represents fair value) less provision made for impairment of these receivables. A provision for impairment of these receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement. Impairment testing of trade receivables is described in Note 3.

(p) Cash and cash equivalents
Cash and cash equivalents are carried on the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within bank and other loans on the statement of financial position.

(q) Payables
Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are initially recognised at fair value and subsequently stated at amortised cost.

(r) Insurance business provisions

Claims outstanding
Provision is made to cover the estimated cost of settling claims arising out of events which have occurred by the statement of financial position date, including claims incurred but not reported, less amounts already paid in respect of these claims. Provision for reported claims is based on individual case estimates.

Insurance reserves
Provision is made for that proportion of premiums written in respect of risks to be borne subsequent to the year-end under contracts of insurance entered into on or before the statement of financial position date. Provision is also made to cover the estimated amounts in excess of unearned premiums required to meet future claims and expenses on business in force.

Reinsurance ceded
The insurance subsidiary cedes insurance premiums and risk in the normal course of business in order to limit the potential for losses arising from longer exposures. Reinsurance does not relieve the originating insurer of its liability. Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses and ceded unearned premiums. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance is recorded gross in the statement of financial position unless the right of offset exists.

Deferred policy acquisition costs
The costs of acquiring and renewing insurance contracts, including commissions, underwriting and policy issue expenses, which vary with and are directly related to the contracts, are deferred over the unexpired period of risk carried. Deferred policy acquisition costs are subject to recoverability testing at the time of policy issue and at the end of each accounting period.

2. Significant Accounting Policies (Continued)

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed; for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(t) Deposits

Deposits are recognised initially at the nominal amount when funds are received. Deposits are subsequently stated at amortised cost using the effective yield method.

(u) Securities purchased/sold under resale/repurchase agreements

The purchase and sale of securities under resale and repurchase agreements are treated as collateralised lending and borrowing transactions. The related interest income and expense are recorded on the accrual basis.

(v) Borrowings

Bank loans and overdrafts are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

(w) Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Leases

As lessee

The Group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2. Significant Accounting Policies (Continued)

(x) Leases (continued)

Some equipment and motor vehicle leases contain variable lease payment terms that are linked to usage. These payments are excluded from the measurement of the lease liability and are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use land and buildings held by the Group.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The lease term is determined as the non-cancellable period of the lease and also takes account of extension and termination options if reasonably certain to be exercised. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

As lessor
When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return.

2. Significant Accounting Policies (Continued)

(y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the company's owners.

(z) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax or applicable sales tax, returns, rebates and discounts and after eliminating sales within the Group.

Sales of goods and services

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer

Certain contracts with customers provide a right of return, free goods, volume discounts, rebates and other incentives. Accumulated experience is used to estimate and provide for customer returns and sales incentives using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability, representing amounts payable to customers, is recognised for expected returns and sales incentives. Where customer contracts entitle customers to free goods, revenue is allocated to each performance obligation, including free goods, and recognised as the performance obligations are satisfied. Contract liabilities are included in 'payables' on the statement of financial position.

Sale of goods and services – customer loyalty programme

The Group operates loyalty programmes where customers accumulate points for purchases made which entitle them to goods or services in the future. The consideration received from the sale of goods and services is allocated to the loyalty points and related goods and services using the residual value method. In its capacity as an agent, the Group recognises commission income, being the net of the consideration allocated to the loyalty points and the amounts payable to third parties with primary responsibility for satisfying the performance obligations in respect of awards. A financial liability is recognised in respect of amounts payable to third parties and no breakage is considered. The financial liability is included in 'payables' in the statement of financial position.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Fees and commissions

Fees and commissions, shown in other income, represent various transaction costs and service fees charged to customers. These are recognised on an accrual basis.

2. Significant Accounting Policies (Continued)

(aa) Dividends

Dividends are recorded as a deduction from equity in the period in which they are approved.

(ab) Investment properties

Investment properties, principally comprising land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently carried at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income during the financial period in which they are incurred. Fair value gains or losses are recorded in income.

(ac) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

3. Insurance and Financial Risk Management

The Group's activities expose it to a variety of insurance and financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. It provides policies for overall risk management, as well as principles and procedures covering the specific areas of risk. The Board has established committees/departments for managing and monitoring risks, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk, as follows:

(i) Audit Committee

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Group Risk Management and Internal Audit. Group Risk Management establishes a framework within which the opportunities and risks affecting the Group may be measured, assessed, and effectively controlled. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Corporate Governance Committee

The Corporate Governance Committee assists the Board in enhancing the Group's system of corporate governance by establishing, monitoring and reviewing the principles of good governance with which the Group and its directors will comply. The Committee promotes high standards of corporate governance based on the principles of openness, integrity and accountability taking into account the Group's existing legal and regulatory requirements. It establishes such procedures, policies and codes of conduct to meet these aims as it considers appropriate. Qualified individuals are identified and recommended by the Board to become members. It also leads the Board of Directors in its annual review of the Board's performance.

(iii) Asset and Liability Committees/Investment Committees

The Asset and Liability Committees (ALCOs) and Investment Committees are management committees responsible for monitoring and formulating investment portfolios and investment strategies within the Insurance, Banking and Investment, and Corporate divisions. The ALCOs are also responsible for monitoring adherence to trading limits, policies and procedures that are established to ensure that there is adequate liquidity as well as monitoring and measuring capital adequacy for regulatory and business requirements. To discharge these responsibilities, the ALCOs establish asset and liability pricing policies to protect the liquidity structure as well as assesses the probability of various liquidity shocks and interest rate scenarios. They also establish and monitor relevant liquidity ratios and statement of financial position targets. Overall, the Committees ensure compliance with the policies related to the management of liquidity risk, interest rate risk, and foreign exchange risk.

(iv) Corporate Finance Department

The Corporate Finance Department is responsible for managing the Group's assets and liabilities and the overall capital structure. It is also primarily responsible for the funding and liquidity risks of the Group. Corporate Finance identifies, evaluates and manages financial risks in close co-operation with the Group's operating business units.

The most important types of risk are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

3. Insurance and Financial Risk Management (Continued)

(a) Insurance risk

The Group issues contracts that transfer insurance risk. This section summarises the risk and the way it is managed by the Group.

Insurance risk for the Group attributable to policies sold by its general and life insurance underwriting subsidiaries, is borne by those subsidiaries. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore, unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claim payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

Management maintains an appropriate balance between commercial and personal policies and type of policies based on guidelines set by the Board of Directors. Insurance risk arising from the Group's insurance contracts is, however, concentrated within Jamaica.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Where applicable, for general insurance contracts are underwritten by reference to the commercial replacement value of the properties or other assets and contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for other assets and contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies.

Management sets policy and retention limits based on guidelines set by the Board of Directors of the subsidiaries. The policy limit and maximum net retention of any one risk for each class of general insurance per customer for the year are as follows:

	2022		2021	
	Policy Limit	**Maximum Net Retention**	**Policy Limit**	**Maximum Net Retention**
	$'000	**$'000**	**$'000**	**$'000**
Commercial property:				
Fire and consequential loss	1,530,535	12,244	1,539,200	12,314
Boiler and machinery	918,321	6,887	923,520	6,926
Engineering	1,224,428	9,183	1,231,360	9,235
Burglary, money and goods in transit	38,263	38,263	38,480	38,480
Glass and other	38,263	38,263	38,480	38,480
Liability	459,161	45,916	461,760	46,176
Marine, aviation and transport	91,832	4,592	92,352	4,618
Motor	60,000	15,000	60,000	15,000
Pecuniary loss:				
Fidelity	38,263	38,263	38,480	38,480
Surety/Bonds	229,580	45,916	230,880	46,176
Personal accident	38,263	38,263	38,480	38,480
Personal property	1,530,535	12,244	1,539,200	12,314

3. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Sensitivity Analysis of Actuarial Liabilities

The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results. These factors are discussed below.

Actuarial Assumptions

(i) In applying the noted methodologies, the following assumptions were made:

- Claims inflation has remained relatively constant and there have been no material legislative changes in the Jamaican civil justice system that would cause claim inflation to increase dramatically.
- There is no latent environmental or asbestos exposure embedded in the loss history.
- The case reserving and claim payments rates have and will remain relatively constant.
- The overall development of claims costs gross of reinsurance is not materially different from the development of claims costs net of reinsurance. This assumption is supported by:
  - The majority of the reinsurance program consists of proportional reinsurance agreements.
  - The non-proportional reinsurance agreements consist primarily of high attachment points.
- Claims are expressed at their estimated ultimate undiscounted value, in accordance with the requirement of the insurance regulations.

(ii) Provision for adverse deviation assumptions

The basic assumptions made in establishing insurance reserves are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin for adverse deviation in each assumption.

Reserves have been calculated on an undiscounted basis as well as on a discounted basis with a risk load added in. Where the undiscounted reserve was larger than the discounted reserve including the calculated provision for adverse deviation, the undiscounted amount was chosen. This assumes that holding reserves at an undiscounted amount includes an implicit risk load.

(iii) Scenario testing

The two major assumptions that determine reserve levels are:

- The selection of a-priori loss ratios within the Bornhuetter-Ferguson methods (Note 4).
- The selection of loss development factors.

These factors have been stochastically modelled using various confidence intervals to determine the impact on the net reserves. The net reserves of $4,312,837,000 were determined at the 50% confidence interval. Had the confidence interval increased/(decreased) by 10%, the net reserves would increase/(decrease) by $158,000,000/($158,000,000).

Development Claim Liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of the ultimate claims liability for accident years 2013 - 2021 has changed at successive year-ends, up to 2022. Updated unpaid claims and adjustment expenses (UCAE) and claims incurred but not reported (IBNR) estimates in each successive year, as well as amounts paid to date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the development calculations.

3. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Development Claim Liabilities (continued)

		2013 & prior $'000	2014 $'000	2014 & prior $'000	2015 $'000	2015 & prior $'000	2016 $'000	2016 & prior $'000	2017 $'000	2017 & prior $'000	2018 $'000	2018 & prior $'000	2019 $'000	2019 & prior $'000	2020 $'000	2020 & prior $'000	2021 $'000	2021 & prior $'000	2022 $'000	2022 & prior $'000
2013	UCAE, end of year	2,214,414																		
	IBNR, end of year	198,210																		
2014	Paid during year	863,048	728,681	1,591,729																
	UCAE, end of year	1,874,473	881,546	2,756,019																
	IBNR, end of year	50,951	160,225	211,176																
	Ratio: excess (deficiency)	(15.58%)																		
2015	Paid during year	486,327	456,190	942,517	687,526	1,630,043														
	UCAE, end of year	1,379,927	567,848	1,947,775	715,867	2,663,642														
	IBNR, end of year	19,611	38,482	58,093	205,946	264,039														
	Ratio: excess (deficiency)	(13.94%)		0.63%																
2016	Paid during year	328,639	154,104	482,743	391,101	873,844	691,784	1,565,628												
	UCAE, end of year	886,756	437,757	1,324,513	442,813	1,767,326	799,771	2,567,097												
	IBNR, end of year	87,645	(8,059)	79,586	71,510	151,096	136,435	287,531												
	Ratio: excess (deficiency)	(9.94%)		4.65%		4.63%														
2017	Paid during year	177,993	67,164	245,157	133,637	378,794	482,513	861,307	846,509	1,707,816										
	UCAE, end of year	639,982	338,509	978,491	329,527	1,308,018	463,895	1,771,913	838,926	2,610,839										
	IBNR, end of year	95,580	(11,650)	83,930	29,754	113,684	29,172	142,856	144,419	287,275										
	Ratio: excess (deficiency)	(7.42%)		7.90%		8.65%		2.75%												
2018	Paid during year	185,286	49,954	235,240	87,466	322,706	161,275	483,981	625,460	1,109,441	1,203,91	2,313,360								
	UCAE, end of year	363,350	269,110	632,460	242,960	875,420	348,719	1,224,139	479,526	1,703,665	1,158,29	2,861,956								
	IBNR, end of year	123,691	(9,019)	114,672	31,830	146,502	(10,017)	136,485	39,448	175,933	276,403	452,336								
	Ratio: excess (deficiency)	(4.80%)		10.60%		11.29%		5.21%		(3.14%)										
2019	Paid during year	67,568	22,202	89,770	57,695	147,465	105,676	253,141	379,562	632,703	895,093	1,527,796	1,182,34	2,710,141						
	UCAE, end of year	323,759	188,592	512,351	176,419	688,770	293,506	982,276	397,555	1,379,831	677,920	2,057,751	527,964	2,585,715						
	IBNR, end of year	111,623	(9,010)	102,613	35,252	137,865	(7,013)	130,852	5,068	135,920	167,574	303,494	149,923	453,417						
	Ratio: excess (deficiency)	(5.46%)		12.02%		12.92%		5.01%		(12.41%)		(17.34%)								
2020	Paid during year	47,348	24,012	71,360	34,286	105,646	48,390	154,036	78,454	232,490	174,121	406,611	756,754	1,163,365	1,161,72	2,325,093				
	UCAE, end of year	261,213	125,171	386,384	160,196	546,580	241,543	788,123	317,905	1,106,028	447,673	1,553,701	700,319	2,254,020	1,146,35	3,400,372				
	IBNR, end of year	68,015	12,850	80,865	(12,319)	68,546	(8,659)	59,887	1,992	61,879	32,506	94,385	122,321	216,706	505,774	722,480				
	Ratio: excess (deficiency)	(3.02%)		14.60%		16.54%		8.90%		(8.43%)		(8.09%)		(19.58%)						
2021	Paid during year	6,195	60,820	67,015	26,655	93,670	27,986	121,656	38,110	159,766	98,126	257,892	188,436	446,328	721,575	1,167,903	1,241,539	2,409,442		
	UCAE, end of year	207,860	94,980	302,840	90,621	393,461	179,096	572,557	239,957	812,514	289,415	1,101,929	391,301	1,493,230	455,527	1,948,757	1,192,527	3,141,284		
	IBNR, end of year	(1,379)	(4,176)	(5,555)	(5,059)	(10,614)	(41,784)	(52,398)	(51,992)	(104,390)	(54,318)	(158,708)	(45,787)	(204,495)	23,929	(180,566)	544,391	363,825		
	Ratio: excess (deficiency)	1.81%		18.07%		21.27%		16.13%		1.92%		5.39%		4.63%		28.78%				
2022	Paid during year	19,932	15,254	35,186	20,839	56,025	23,402	79,427	32,834	112,261	89,270	201,531	100,808	302,339	183,525	485,864	882,856	1,368,720	1,505,229	2,873,949
	UCAE, end of year	205,081	48,833	253,914	81,948	335,862	111,773	447,635	192,507	640,142	274,777	914,919	340,309	1,255,228	365,368	1,620,596	589,190	2,209,786	1,604,053	3,813,839
	IBNR, end of year	(1,410)	(1,290)	(2,700)	(2,584)	(5,284)	(4,188)	(9,472)	(48,245)	(57,717)	(61,799)	(119,516)	(63,284)	(182,800)	(45,659)	(228,459)	29,726	(198,733)	697,731	498,998
	Ratio: excess (deficiency)	1.10%	13.87%	18.43%	9.85%	21.14%	(2.20%)	16.22%	(32.07%)	2.38%	(2.43%)	3.77%	(95.17%)	1.80%	25.86%	26.12%	13.54%	3.58%		

3. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk

To limit its exposure to potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programmes used by the Group are summarised below:

a) The retention limit or maximum exposure on insurance policies under the reinsurance treaties range between $4,592,000 and $45,916,000 (2021: $4,618,000 and $46,176,000).

b) The Group utilises reinsurance treaties to reduce its net retained risk. The risk is spread over several reinsurers all of whom are AM Best or S&P rated at A or better.

c) Excess of loss reinsurance is also purchased to cover the retained risk in the event of a catastrophe as well as for large motor losses.

d) The amount of reinsurance recoveries recognised during the period is as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Property	964,285	106,595
Motor	147,509	131,312
Marine	3,500	7,712
Liability	38,536	8,288
Pecuniary loss	(1,183)	3,606
Accident	13,018	(4,041)
	1,165,665	253,472

(c) Financial risk

The Group is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. The most important components of this financial risk are credit risk, cash flow risk and market risk (interest rate risk and currency risk).

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally from the Group's receivables from customers, principals, agents, the amounts due from reinsurers, amounts due from insurance contract holders and insurance brokers, investments, lending activities and loan commitments arising from such lending activities. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to similar risks to loans and these are mitigated by the same control policies and processes.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Credit review process

The Group has established a credit quality review process and has credit policies and procedures which require regular analysis of the ability of borrowers and other counterparties to meet interest, capital and other repayment obligations.

(a) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analysed individually for creditworthiness prior to the Group offering them a credit facility. Customers may be required to provide a banker's guarantee and credit limits are assigned to each customer. These limits are reviewed at least twice per year. The Group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Customer credit risks are monitored according to credit characteristics such as whether it is an individual or company, geographic location, industry, ageing profile, and previous financial difficulties. Special negotiated arrangements may extend the credit period to a maximum of 3 months. Trade and other receivables relate mainly to the Group's retail and direct customers. The Group's average credit period for the sale of goods is 1 month.

(b) Loans and leases receivable

The Group assesses the probability of default of individual counterparties using internal ratings. Customers of the Group are segmented into four rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Group's internal rating scale:

Group's rating	Description of the grade	
1	Low risk	– Excellent credit history
2	Standard risk	– Generally abides by credit terms
3	Past due	– Late paying with increased credit risk
4	Credit impaired	– Default

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

(c) Reinsurance

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The insurance subsidiaries' Risk and Reinsurance Department assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

(d) Premium and other receivables

The respective credit committees within the Group examine the payment history of significant contract holders with whom they conduct regular business. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal Audit makes regular reviews to assess the degree of compliance with the Group procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the on-going monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis is carried out by the insurance subsidiaries' Risk and Reinsurance Department.

(e) Investments

External rating agency credit grades are used to assess credit quality. These published grades are continuously monitored and updated. Default probabilities and recovery rates are assigned as published by the rating agency.

The Group limits its exposure to credit risk arising from investments by adhering to the investment counterparty limits as approved by the ALCOs. Counterparty limits are reviewed and updated periodically.

Impairment of Financial Assets

The Group has four types of financial assets that are subject to the expected credit loss model:

- Trade and premium receivables
- Loans and leases receivable
- Debt investments carried at amortised cost, and
- Debt investments carried at FVOCI.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, all bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions and the identified impairment loss was immaterial.

Trade and premium receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for these assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Trade and premium receivables **(continued)**

Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Standard risk	15,172,662	12,534,430	1,743,505	1,489,766
Past due	4,404,074	3,336,787	195,150	120,623
Credit impaired	926,645	948,388	238,137	217,091
Gross carrying amount	20,503,381	16,819,605	2,176,792	1,827,480
Loss allowance	(741,993)	(797,314)	(52,426)	(88,586)
Carrying amount	19,761,388	16,022,291	2,124,366	1,738,894

Loss allowance

The loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade and premium receivables:

	Group					
	at 31 December 2022			**at 31 December 2021**		
	Gross carrying amount $'000	**Loss allowance $'000**	**Expected loss rate**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Expected loss rate**
Less than 1 month	12,951,813	147,982	1.14%	9,922,566	98,497	0.99%
Within 1 to 3 months	4,982,954	75,406	1.51%	4,311,296	98,250	2.28%
Over 3 months	2,568,614	518,605	20.19%	2,585,743	600,567	23.23%
	20,503,381	741,993		16,819,605	797,314	

	Company					
	at 31 December 2022			**at 31 December 2021**		
	Gross carrying amount $'000	**Loss allowance $'000**	**Expected loss rate**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Expected loss rate**
Less than 1 month	1,253,382	2,065	0.16%	1,067,923	1,981	0.19%
Within 1 to 3 months	685,785	2,261	0.33%	562,203	1,599	0.28%
Over 3 months	237,625	48,100	20.24%	197,354	85,006	43.07%
	2,176,792	52,426		1,827,480	88,586	

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit Risk (continued)

Trade and premium receivables (continued)

Loss allowance (continued)

The movement on the loss allowances for trade and premium receivables is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	797,314	830,332	88,586	96,177
Movement on loss allowance recognised in income statement during the year	116,955	181,592	31,811	33,856
Receivables written off during the year as uncollectible	(131,011)	(126,087)	(51,708)	(22,335)
Unused amount reversed	(41,265)	(88,523)	(16,263)	(19,112)
At 31 December	741,993	797,314	52,426	88,586

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, failure to make contractual payments for a period greater than two years, and alternative methods of debt collection have been exhausted.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited in other income.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (including loan commitments and guarantees)
The Group applies the 'three stage' model under IFRS 9 in measuring the expected credit losses on loans and leases, and makes estimations about likelihood of defaults occurring, associated loss ratios, changes in market conditions, and expected future cash flows. This is measured using the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for a portfolio of assets.

- Probability of Default - This represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12 month PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- Exposure at Default - This represents the expected balance at default, taking into account the repayment of principal and interest from the statement of financial position date to the default event together with any expected drawdowns of committed facilities.

- Loss Given Default – The LGD represents expected losses on the EAD given the event of default, taking into account the mitigating effect of collateral value at the time it is expected to be realised and also the time value of money.

The 'three stage' model is used to categorise financial assets according to credit quality as follows:

- Stage 1 – financial assets that are not credit impaired on initial recognition or are deemed to have low credit risk. These assets generally abide by the contractual credit terms. The ECL is measured using a 12 month PD, which represents the probability that the financial asset will default within the next 12 months.

- Stage 2 – financial assets with a significant increase in credit risk (SICR) since initial recognition, but are not credit impaired. The ECL is measured using a lifetime PD.

- Stage 3 – credit impaired financial assets. The ECL is measured using a lifetime PD.

Transfer between stages
Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment. This assessment is done on a case-by-case basis.

The Group considers forward looking information in determining the PDs of financial assets. Forward looking information having significant impact on the ECL is described in further detail under that heading.

<u>Significant Increase in Credit Risk (SICR)</u>
The Group considers a financial asset to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met:

Qualitative Criteria

- Deterioration in the Borrower's Risk Rating (BRR) below established threshold
- Material misrepresentation or inaccurate warranty
- Failure to comply with provisions of any statute under which the borrower conducts business
- Borrower enters into a scheme of arrangement
- Actual or expected restructuring
- Previous arrears in excess of 60 days within the last six months
- Early signs of cash flow/liquidity problems
- Expected significant adverse change in operating results of the borrower

However, the assessment of significant increase in credit risk and the above criteria will differ for different types of lending arrangements.

Loan commitments are assessed along with the category of loan the Group is committed to provide.

The assessment of SICR is performed for individual loans, taking into consideration the sector grouping of the individual exposures, and incorporates forward-looking information. This assessment is performed on a quarterly basis.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

Significant Increase in Credit Risk (continued)

Backstop
Irrespective of the above qualitative assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group has monitoring procedures in place to assess whether the criteria used to identify SICR continues to be appropriate.

The Group utilised the low credit risk exemption for financial assets.

Credit Impaired Assets
The Group defines a financial instrument as credit impaired, when it meets one or more of the following criteria:

Quantitative criteria
The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria
The borrower meets unlikeliness to pay criteria as outlined below, which indicates the borrower is in significant financial difficulty:

- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Concessions have been made by the lender relating to the borrower's financial difficulty.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of 'credit impaired' used for internal credit risk management purposes.

Measuring the ECL – Inputs, Assumptions and Estimation Techniques
The ECL is determined by projecting the PD, LGD, and EAD, which are multiplied together and discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12 month PD is calculated by observing the rate of historical default within the first year of a portfolio of loans, and adjusted for the expected impact of forward looking economic information.

The lifetime PD is calculated by observing the rate of historical default over the life of a portfolio of loans, and adjusted for the impact of forward looking economic information.

The EAD for amortising and bullet repayment loans is based on the contractual repayments over a 12 month or lifetime basis.

The EAD for revolving products, such as credit cards, revolving loans and overdrafts is estimated by taking the current drawn balance and the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

Forward looking economic information is also included in determining the 12-month and lifetime EAD and LGD.

Forward Looking Information
The assessment of SICR and the calculation of ECL both incorporate forward-looking information that is available without undue cost or effort. The Group uses external information including economic data and forecasts published by governmental bodies and the central bank. The information published however does not cover the Group's credit risk exposure period and judgement was applied when incorporating these forecasts into our models. The Group started with historical data of approximately 3 years in which a relationship between macro-economic indicators and default rates was developed. Judgement was applied in cases where a strong relationship between these key economic variables and expected credit losses was not identified based on the historical data used.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

Forward Looking Information (continued)
These economic variables and their associated impact on the PD, EAD and LGD vary by financial asset. Forecasts of these economic variables are reviewed on a quarterly basis. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group also assesses other possible scenarios along with scenario weightings. The Group uses a total of three scenarios for each portfolio of loans (base, upside, downside). The scenario weightings are determined using judgment. The base case is the single most-likely expected outcome. The Group measures ECL as a probability weighted ECL.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The most significant period end assumptions used in determining the ECL as at the reporting date are set out below.

Economic factor	Scenarios	Range
Gross Domestic Product (GDP)	Base	0.6% to 1.3%
	Upside	2.6% to 3.3%
	Downside	-1.4% to -0.7%
Unemployment Rate	Base	9% to 6.6%
	Upside	7% to 4.6%
	Downside	11% to 8.6%

The underlying models and their calibration, including how they react to forward-looking economic conditions was based on how the relationship of the Group's existing portfolio to these variables and remains subject to review and refinement as the Group builds data

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Sensitivity Analysis
Forward looking indicators having the most significant impact on the ECL are GDP growth and unemployment rate. Set out below are the changes to the ECL as at 31 December 2022 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions.

Forward Looking Indicator	Change in basis points:	Effect on ECL $'000	Forward Looking Indicator	Change in basis points:	Effect on ECL $'000
GDP growth	+ 100bp	19,564	Unemployment rate	+ 100bp	(99)
GDP growth	- 100bp	(19,564)	Unemployment rate	- 100bp	99

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

Portfolio Segmentation
Expected credit loss provisions are modelled on a collective basis, by grouping exposures on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

Exposures are grouped according to product type (term loans, overdrafts, credit cards, revolvers, guarantees and loan commitments) and industry (for example, manufacturing and distribution, tourism, personal loans).

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

Stage 3 loans are assessed on an individual basis for impairment.

Maximum Exposure to Credit Risk
The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which it is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial assets such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial assets the Group measures ECL over the period that it is exposed to the credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial assets do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial assets. This is because these financial assets are managed on a collective basis and are canceled only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL.

The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Group			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Low risk	11,527	-	-	11,527
Standard risk	23,374,540	9,548,782	-	32,923,322
Past due	2,127,342	2,105,197	-	4,232,539
Credit impaired	-	-	1,285,830	1,285,830
Gross carrying amount	25,513,409	11,653,979	1,285,830	38,453,218
Loss allowance	(396,585)	(639,439)	(616,804)	(1,652,828)
Carrying amount	25,116,824	11,014,540	669,026	36,800,390

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and leases (continued)

	Group			
	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Low risk	11,748	-	-	11,748
Standard risk	21,488,099	8,148,881	-	29,636,980
Past due	1,937,821	1,956,726	-	3,894,547
Credit impaired	-	-	1,345,995	1,345,995
Gross carrying amount	23,437,668	10,105,607	1,345,995	34,889,270
Loss allowance	(323,571)	(575,698)	(667,511)	(1,566,780)
Carrying amount	23,114,097	9,529,909	678,484	33,322,490

Collateral and other credit enhancements
The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties
- Charges over business assets such as premises, inventory and accounts receivable
- Charges and hypothecations over deposit balances and financial instruments such as debt securities and equities

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

Collateral and other credit enhancements (continued)
The Group also obtains guarantees from parent companies for loans to their subsidiaries and from individual owners for loans to their companies.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of reverse repurchase agreements which are secured by portfolios of financial instruments.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral held during its annual reviews of individual credit facilities as well as during its review of the adequacy of the provision for credit losses.

The fair value of collateral held in respect of credit impaired financial assets is $1,576,091,000 (2021: $1,450,519,000).

Loss Allowance
The loss allowance recognised in the period is impacted by a variety of factors. The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Group			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
At 1 January	323,571	575,698	667,511	1,566,780
Movements with income statement impact:				
Transfers:				
Transfer from Stage 1 to Stage 2	(6,032)	21,142	-	15,110
Transfer from Stage 1 to Stage 3	(195)	-	18,761	18,566
Transfer from Stage 2 to Stage 1	6,002	(25,224)	-	(19,222)
Transfer from Stage 2 to Stage 3	-	(5,305)	3,580	(1,725)
New financial assets originated	145,597	30,972	-	176,569
Changes in PDs/LGDs/EADs	151	96,560	(63,243)	33,468
Financial assets derecognised during the period	(72,509)	(54,404)	(9,805)	(136,718)
Total net income statement charge	73,014	63,741	(50,707)	86,048
At 31 December	396,585	639,439	616,804	1,652,828

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

	Group			
	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	312,239	399,579	622,480	1,334,298
Movements with income statement impact:				
Transfers:				
Transfer from Stage 1 to Stage 2	(12,365)	40,919	-	28,554
Transfer from Stage 1 to Stage 3	(20)	-	1,202	1,182
Transfer from Stage 2 to Stage 1	1,539	(3,417)	-	(1,878)
Transfer from Stage 2 to Stage 3	-	(6,490)	34,913	28,423
New financial assets originated	84,667	10,880	-	95,547
Changes in PDs/LGDs/EADs	(2,869)	154,253	27,577	178,961
Financial assets derecognised during the period	(59,620)	(20,026)	(18,661)	(98,307)
Total net income statement charge	11,332	176,119	45,031	232,482
At 31 December	323,571	575,698	667,511	1,566,780

Loans and leases are written off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity, and where the Group's recovery method is foreclosing on collateral, and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write off account balances that are still subject the enforcement activity, based on a reasonable expectation of amounts recoverable. The outstanding contractual amounts of such assets written off during the year was $Nil (2021: $Nil).

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases, Premium and Trade receivables

The following table summarises the Group's and company's credit exposure for loans and leases, premium and trade receivables at their carrying amounts, as categorised by the customer sector:

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Public sector	283,356	104,748	-	-
Professional and other services	4,137,253	4,624,059	-	-
Personal	15,489,129	14,190,957	-	58,216
Agriculture, fishing and mining	1,860,065	1,867,454	-	-
Construction and real estate	4,795,051	2,429,945	-	-
Electricity, gas and water	2,276,559	2,235,419	-	-
Distribution	4,353,074	3,564,614	393,789	642,679
Manufacturing	3,688,594	3,239,019	1,200,000	1,601,258
Transportation	1,608,019	1,327,257	-	-
Tourism and entertainment	2,395,155	2,412,406	253,450	208,410
Financial and other money services	3,043,449	2,268,594	1,053,350	638,310
Brokers and agents	2,686,996	2,298,752	-	-
Reinsurers and coinsurers	2,920,229	2,155,757	-	-
Supermarket chains	3,682,096	3,580,723	509,780	497,627
Wholesalers	1,609,343	1,556,316	434,554	462,154
Retail and direct customers	2,539,483	2,421,589	614,655	496,589
Other	1,195,978	1,064,499	359,808	159,889
	58,563,829	51,342,108	4,819,386	4,765,132
Loss allowance	(2,394,821)	(2,364,094)	(52,426)	(88,586)
	56,169,008	48,978,014	4,766,960	4,676,546
Interest receivable	392,770	366,767	30,206	9,485
	56,561,778	49,344,781	4,797,166	4,686,031

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Debt Investments

The Group uses external credit ratings as published by established rating agencies in its assessment of the probability of default on debt investments. The PDs and LGDs for government and corporate bonds have been developed by the rating agencies based on statistics on the default, loss and rating transition experience of government and corporate bond issuers. The loss allowance on debt investments carried at amortised cost and FVOCI is measured using lifetime PDs. The credit ratings and associated PDs are reviewed and updated on quarterly basis.

Based on available credit ratings for sovereign and corporate debts, the debt securities were classified in stage 2 as they were below investment grade as defined by reputable rating agencies.

Maximum exposure to credit risk

The following table summarises the Group's and company's credit exposure for debt investments at their carrying amounts, as categorised by issuer:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica:				
At amortised cost	7,382,077	9,757,313	2,128,931	3,106,876
At fair value through other comprehensive income	5,420,853	7,572,896	-	-
Corporate:				
At amortised cost	11,823,237	10,612,752	4,425,939	3,097,321
At fair value through other comprehensive income	2,187,372	1,797,204	-	-
Other government:				
At amortised cost	177,136	246,094	-	-
At fair value through other comprehensive income	1,610,919	701,938	-	-
Bank of Jamaica	10,439,152	9,218,584	-	-
Other	6,227,883	7,976,383	498,908	1,823,941
	45,268,629	47,883,164	7,053,778	8,028,138

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Debt Investments (continued)

Debt investments at amortised cost

The movement on the loss allowance is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	232,744	216,757	46,999	51,878
Loss allowance recognised in income statement	22,285	20,490	14,597	-
Unused amounts reversed	(39)	(4,503)	-	(4,879)
At 31 December	254,990	232,744	61,596	46,999

Debt investments at FVOCI

The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The movement on the loss allowance is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	103,703	96,770	-	-
Loss allowance recognised in income statement	(225)	6,933	-	-
Unused amounts reversed	(4,840)	-	-	-
At 31 December	98,638	103,703	-	-

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group through the ALCOs and treasury departments, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment;

(v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities;

(vi) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Financial liabilities cash flows

The table below presents the undiscounted cash flows payable (both interest and principal cash flows) of the Group's and company's financial liabilities based on contractual repayment obligations. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay.

			Group		
	1 to 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
As at 31 December 2022:					
Deposits	35,033,292	17,875,178	9,720	-	52,918,190
Securities sold under agreements to repurchase	30,085	-	-	-	30,085
Bank and other loans	7,693,324	6,386,737	11,486,998	6,569,105	32,136,164
Trade and other payables	25,673,655	5,562,372	-	-	31,236,027
Total financial liabilities (contractual dates)	68,430,356	29,824,287	11,496,718	6,569,105	116,320,466

			Group		
	1 to 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
As at 31 December 2021:					
Deposits	38,893,796	9,342,652	32,271	-	48,268,719
Securities sold under agreements to repurchase	3,395,751	3,890,313	-	-	7,286,064
Bank and other loans	7,387,051	6,480,573	10,833,027	6,990,254	31,690,905
Trade and other payables	29,141,539	1,876,286	-	-	31,017,825
Total financial liabilities (contractual dates)	78,818,137	21,589,824	10,865,298	6,990,254	118,263,513

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Financial liabilities cash flows (continued)

	Company				
	1 to 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
As at 31 December 2022:					
Bank and other loans	3,975,493	1,497,198	4,079,299	2,826,190	12,378,180
Trade and other payables	3,635,603	-	-	-	3,635,603
Subsidiaries	1,917,735	-	-	-	1,917,735
Total financial liabilities (contractual dates)	9,528,831	1,497,198	4,079,299	2,826,190	17,931,518

	Company				
	1 to 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
As at 31 December 2021:					
Bank and other loans	3,141,225	2,398,361	2,821,606	3,608,731	11,969,923
Trade and other payables	4,073,741	-	-	-	4,073,741
Subsidiaries	3,587,877	-	-	-	3,587,877
Total financial liabilities (contractual dates)	10,802,843	2,398,361	2,821,606	3,608,731	19,631,541

The assets available to meet all of the liabilities and to cover outstanding loan commitments include: cash, Central Bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions. The Group and the company have the following undrawn committed borrowing facilities:

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Floating rate –				
Expiring within one year	15,951,799	11,051,803	5,962,162	4,849,684

The facilities expiring within one year are annual facilities subject to review at various dates during the subsequent year. The other facilities have been arranged to help finance the Group's activities.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Off-statement of financial position items

The table below shows the contractual expiry periods of the Group's contingent liabilities and commitments.

	Group			
	No Later Than 1 Year $'000	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
As at 31 December 2022:				
Loan commitments	2,010,869	-	-	2,010,869
Guarantees, acceptances and other financial facilities	169,660	-	-	169,660
Capital commitments	933,593	-	-	933,593
	3,114,122	-	-	3,114,122
As at 31 December 2021:				
Loan commitments	1,855,705	-	-	1,855,705
Guarantees, acceptances and other financial facilities	209,379	-	-	209,379
Capital commitments	372,170	-	-	372,170
	2,437,254	-	-	2,437,254

(iii) Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the research and treasury departments which carry out extensive research and monitor the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Canadian dollar, UK pound and the Euro.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Concentrations of currency risk

The table below summarises the Group and company exposure to foreign currency exchange rate risk at 31 December.

	Group						
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**CAN$ J$'000**	**EURO J$'000**	**Other J$'000**	**Total J$'000**
As at 31 December 2022:							
Financial Assets							
Cash and deposits	12,302,278	7,956,198	329,923	238,439	205,898	4,145,280	25,178,016
Investment securities and pledged assets	20,660,917	25,693,322	-	-	-	1,175,983	47,530,222
Trade and other receivables	9,351,391	6,374,805	1,927,828	855,354	127,983	1,124,027	19,761,388
Loans receivable	32,314,419	4,476,267	-	-	-	9,704	36,800,390
Total financial assets	74,629,005	44,500,592	2,257,751	1,093,793	333,881	6,454,994	129,270,016
Financial Liabilities							
Deposits	27,538,527	24,637,954	238,555	155,139	85,113	-	52,655,288
Securities sold under agreements to repurchase	28,010	459	-	-	-	-	28,469
Bank and other loans	19,502,046	6,389,206	1,181,196	913,050	48,641	284,446	28,318,585
Trade and other payables	16,504,825	10,600,544	1,478,569	806,247	727,807	1,118,035	31,236,027
Total financial liabilities	63,573,408	41,628,163	2,898,320	1,874,436	861,561	1,402,481	112,238,369
Net financial position	11,055,597	2,872,429	(640,569)	(780,643)	(527,680)	5,052,513	17,031,647

	Group						
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**CAN$ J$'000**	**EURO J$'000**	**Other J$'000**	**Total J$'000**
As at 31 December 2021:							
Financial Assets							
Cash and deposits	19,273,206	6,762,295	319,684	131,570	106,695	3,443,231	30,036,681
Investment securities and pledged assets	18,541,021	30,172,044	44,874	20,043	-	1,062,786	49,840,768
Trade and other receivables	7,604,662	4,556,294	2,016,898	780,562	90,900	972,975	16,022,291
Loans receivable	28,052,879	5,259,682	-	-	-	9,929	33,322,490
Total financial assets	73,471,768	46,750,315	2,381,456	932,175	197,595	5,488,921	129,222,230
Financial Liabilities							
Deposits	24,781,240	22,818,283	297,088	129,037	118,278	-	48,143,926
Securities sold under agreements to repurchase	3,343,312	3,906,253	-	-	-	-	7,249,565
Bank and other loans	18,279,598	7,042,430	1,730,216	671,390	-	264,884	27,988,518
Trade and other payables	15,279,227	11,802,698	1,701,340	762,618	341,615	1,130,327	31,017,825
Total financial liabilities	61,683,377	45,569,664	3,728,644	1,563,045	459,893	1,395,211	114,399,834
Net financial position	11,788,391	1,180,651	(1,347,188)	(630,870)	(262,298)	4,093,710	14,822,396

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Concentrations of currency risk (continued)

	Company						
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**CAN$ J$'000**	**EURO J$'000**	**Other J$'000**	**Total J$'000**
As at 31 December 2022:							
Financial Assets							
Cash and deposits	2,907,846	66,749	-	-	-	-	2,974,595
Investment securities	3,783,087	3,384,867	-	-	-	-	7,167,954
Trade and other receivables	2,073,543	50,823	-	-	-	-	2,124,366
Subsidiaries	1,118,549	86,340	-	-	-	-	1,204,889
Loans receivable	2,592,883	79,917	-	-	-	-	2,672,800
Total financial assets	12,475,908	3,668,696	-	-	-	-	16,144,604
Financial Liabilities							
Bank and other loans	9,354,174	2,070,023	-	-	-	-	11,424,197
Trade and other payables	2,702,334	906,847	-	-	26,422	-	3,635,603
Subsidiaries	1,870,042	47,282	-	411	-	-	1,917,735
Total financial liabilities	13,926,550	3,024,152	-	411	26,422	-	16,977,535
Net financial position	(1,450,642)	644,544	-	(411)	(26,422)	-	(832,931)

	Company						
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**CAN$ J$'000**	**EURO J$'000**	**Other J$'000**	**Total J$'000**
As at 31 December 2021:							
Financial Assets							
Cash and deposits	3,111,348	88,664	-	-	-	-	3,200,012
Investment securities	2,744,434	5,420,717	-	-	-	-	8,165,151
Trade and other receivables	1,704,549	34,345	-	-	-	-	1,738,894
Subsidiaries	1,258,226	458,657	-	-	-	-	1,716,883
Loans receivable	2,224,246	722,891	-	-	-	-	2,947,137
Total financial assets	11,042,803	6,725,274	-	-	-	-	17,768,077
Financial Liabilities							
Bank and other loans	9,177,251	1,900,217	-	-	-	-	11,077,468
Trade and other payables	2,380,955	1,689,179	-	-	3,607	-	4,073,741
Subsidiaries	3,424,487	88,911	67,995	6,484	-	-	3,587,877
Total financial liabilities	14,982,693	3,678,307	67,995	6,484	3,607	-	18,739,086
Net financial position	(3,939,890)	3,046,967	(67,995)	(6,484)	(3,607)	-	(971,009)

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the changes in carrying amounts of outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 4% increase (2021: 8%) and a 1% decrease (2021: 2%) in foreign currency rates to arrive at the corresponding impact on profit. The sensitivity analysis includes cash and deposits, investment securities, receivables, loans receivable, deposits, securities sold under agreements to repurchase, bank and other loans, and payables. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be assessed on an individual basis.

	Group			
	% Change in Currency Rate 2022	Effect on Profit before Taxation 2022 $'000	% Change in Currency Rate 2021	Effect on Profit before Taxation 2021 $'000
Currency:				
USD	+4%	188,247	+8%	239,112
GBP	+4%	66	+8%	3,035
CAN	+4%	3,038	+8%	1,016
EURO	+4%	(5,110)	+8%	(8,756)
USD	-1%	(47,062)	-2%	(59,778)
GBP	-1%	(17)	-2%	(759)
CAN	-1%	(759)	-2%	(254)
EURO	-1%	1,278	-2%	2,189

	Company			
	% Change in Currency Rate 2022	Effect on Profit before Taxation 2022 $'000	% Change in Currency Rate 2021	Effect on Profit before Taxation 2021 $'000
Currency:				
USD	+4%	27,575	+8%	249,320
GBP	+4%	-	+8%	(5,440)
CAN	+4%	(16)	+8%	(519)
EURO	+4%	(1,024)	+8%	(279)
USD	-1%	(6,894)	-2%	(62,330)
GBP	-1%	-	-2%	1,360
CAN	-1%	4	-2%	130
EURO	-1%	256	-2%	70

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The Group manages interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments and also manages the maturities of interest bearing financial assets and liabilities. The respective boards within the Group set limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by the ALCOs and Investment Committees.

The following tables summarise the Group's and the company's exposure to interest rate risk. It includes the Group and company financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate Sensitive $'000**	**Total $'000**
At 31 December 2022:							
Assets							
Cash and deposits	11,654,469	2,666,928	-	-	-	10,856,619	25,178,016
Investment securities and pledged assets	4,567,735	4,646,920	5,210,582	16,440,925	9,095,346	7,568,714	47,530,222
Loans receivable	2,905,077	1,370,500	3,423,187	9,741,444	19,342,194	17,988	36,800,390
Trade and other receivables	-	-	-	-	-	19,761,388	19,761,388
Total financial assets	19,127,281	8,684,348	8,633,769	26,182,369	28,437,540	38,204,709	129,270,016
Liabilities							
Deposits	33,526,358	1,320,334	17,803,042	5,554	-	-	52,655,288
Securities sold under agreements to repurchase	28,469	-	-	-	-	-	28,469
Bank loans	5,194,911	856,214	5,387,869	7,600,022	9,279,569	-	28,318,585
Trade payables	-	-	-	-	-	31,236,027	31,236,027
Total financial liabilities	38,749,738	2,176,548	23,190,911	7,605,576	9,279,569	31,236,027	112,238,369
Total interest repricing gap	(19,622,457)	6,507,800	(14,557,142)	18,576,793	19,157,971	6,968,682	17,031,647

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

	Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate Sensitive $'000**	**Total $'000**
At 31 December 2021:							
Assets							
Cash and deposits	14,277,752	3,485,838	-	-	-	12,273,091	30,036,681
Investment securities and pledged assets	6,585,318	3,877,073	5,638,374	19,142,475	7,814,537	6,782,991	49,840,768
Loans receivable	2,772,372	1,490,374	1,777,035	10,119,237	17,086,946	76,526	33,322,490
Trade and other receivables	-	-	-	-	-	16,022,291	16,022,291
Total financial assets	23,635,442	8,853,285	7,415,409	29,261,712	24,901,483	35,154,899	129,222,230
Liabilities							
Deposits	32,832,115	5,967,999	9,313,205	30,607	-	-	48,143,926
Securities sold under agreements to repurchase	3,074,709	295,058	3,879,798	-	-	-	7,249,565
Bank loans	3,854,649	6,893,968	3,785,482	5,046,716	8,407,703	-	27,988,518
Trade payables	-	-	-	-	-	31,017,825	31,017,825
Total financial liabilities	39,761,473	13,157,025	16,978,485	5,077,323	8,407,703	31,017,825	114,399,834
Total interest repricing gap	(16,126,031)	(4,303,740)	(9,563,076)	24,184,389	16,493,780	4,137,074	14,822,396

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

	Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate Sensitive $'000**	**Total $'000**
At 31 December 2022:							
Assets							
Cash and deposits	123,279	941,948	-	-	-	1,909,368	2,974,595
Investment securities	-	305,327	904,907	3,066,202	2,777,343	114,175	7,167,954
Loans receivable	-	-	150,000	2,492,594	-	30,206	2,672,800
Trade and other receivables	-	-	-	-	-	2,124,366	2,124,366
Subsidiaries	-	-	-	-	-	1,204,889	1,204,889
Total financial assets	123,279	1,247,275	1,054,907	5,558,796	2,777,343	5,383,004	16,144,604
Liabilities							
Bank loans	3,897,817	-	1,306,148	2,680,000	3,540,232	-	11,424,197
Trade payables	-	-	-	-	-	3,635,603	3,635,603
Subsidiaries	-	-	-	-	-	1,917,735	1,917,735
Total financial liabilities	3,897,817	-	1,306,148	2,680,000	3,540,232	5,553,338	16,977,535
Total interest repricing gap	(3,774,538)	1,247,275	(251,241)	2,878,796	(762,889)	(170,334)	(832,931)

	Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate Sensitive $'000**	**Total $'000**
At 31 December 2021:							
Assets							
Cash and deposits	-	2,041,014	-	-	-	1,158,998	3,200,012
Investment securities	-	2,140,994	2,533,594	1,241,476	1,948,909	300,178	8,165,151
Loans receivable	-	76,961	2,110,332	345,823	-	414,021	2,947,137
Trade and other receivables	-	-	-	-	-	1,738,894	1,738,894
Subsidiaries	-	-	-	-	-	1,716,883	1,716,883
Total financial assets	-	4,258,969	4,643,926	1,587,299	1,948,909	5,328,974	17,768,077
Liabilities							
Bank loans	2,758,098	4,834,560	774,354	-	2,710,456	-	11,077,468
Trade payables	-	-	-	-	-	4,073,741	4,073,741
Subsidiaries	-	-	-	-	-	3,587,877	3,587,877
Total financial liabilities	2,758,098	4,834,560	774,354	-	2,710,456	7,661,618	18,739,086
Total interest repricing gap	(2,758,098)	(575,591)	3,869,572	1,587,299	(761,547)	(2,332,644)	(971,009)

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's and company's income statement and equity.

The Group's interest rate risk arises from investment securities, loans receivable, customers' deposits, securities sold under repurchase agreements and borrowings. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and floating rate liabilities. The sensitivity of equity is calculated by revaluing fixed rate FVOCI financial assets for the effects of the assumed changes in interest rates combined with the effect on net profit. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact, each variable has to be evaluated on an individual basis.

Group

Change in basis points: 2022 JMD / USD	Effect on Profit before Taxation 2022 $'000	Effect on Other Components of Equity 2022 $'000	Change in basis points: 2021 JMD / USD	Effect on Profit before Taxation 2021 $'000	Effect on Other Components of Equity 2021 $'000
-50 / -50	87,985	(74,749)	-50 / -100	248,656	(147,122)
+100 / +100	(175,969)	149,499	+300 / +100	(208,366)	269,829

Company

Change in basis points: 2022 JMD / USD	Effect on Profit before Taxation 2022 $'000	Effect on Other Components of Equity 2022 $'000	Change in basis points: 2021 JMD / USD	Effect on Profit before Taxation 2021 $'000	Effect on Other Components of Equity 2021 $'000
-50 / -50	(600)	-	-50 / -100	2,652	-
+100 / +100	1,200	-	+300 / +100	(4,279)	-

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of equity investments held and classified on the statement of financial position as either FVOCI or at fair value through profit or loss. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact of a +6%/-6% (2021: +5%/-5%) change in the quoted prices for these equities would be an increase/decrease in the carrying value of +$79,876,000/-$79,876,000 (2021: +$37,332,000/-$37,332,000) in income and +$55,151,000/-$55,151,000 (2021: +$60,109,000/-$60,109,000) in other comprehensive income.

3. Insurance and Financial Risk Management (Continued)

(d) Capital management

Insurance subsidiaries

The insurance subsidiaries' objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To comply with the capital requirements set by the regulators of the insurance markets within which the companies operate;

(ii) To safeguard their ability to continue as going concerns so that they can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of business.

Capital adequacy is managed and monitored at the insurance subsidiaries' level by management, the Audit Committee and the Board of Directors. In addition, the companies seek to maintain internal capital adequacy at levels higher than the minimum level of regulatory capital required.

The primary measure used to assess capital adequacy for the Jamaican based general insurance subsidiary is the Minimum Capital Test (MCT). This information is required to be filed with the Financial Services Commission (FSC) on an annual basis. The minimum standard recommended by the regulators for companies is a MCT of 175% (2021: 250%).

In relation to the Eastern Caribbean general insurance subsidiary The subsidiary manages its capital on the basis of 150% of its minimum regulatory capital position. Management considers the quantitative threshold of 150% sufficient to maximise shareholders' return and to support the capital required. The minimum required regulatory capital held by the subsidiary is XCD 750,000 (2021: XCD 750,000).

The banking and investment subsidiaries

The banking and investment subsidiaries' objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To comply with the capital requirements set by the regulators of the banking and investment markets where the entities within the Group operate;

(ii) To safeguard their ability to continue as going concerns so that they can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of business.

Capital adequacy and the use of regulatory capital are monitored monthly by management and the required information is filed monthly with the Bank of Jamaica (BOJ) and the FSC.

The BOJ requires the banking entity to:

(i) Hold the minimum level of regulatory capital as a percentage of total assets of 8%; and
(ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.

The FSC requires the investment services entity to:

(i) Hold the minimum level of regulatory capital as a percentage of total assets of 6%; and
(ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.

The regulatory capital as managed by the subsidiaries' ALCOs is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and negative fair value reserves are deducted in arriving at Tier 1 capital; and

(ii) Tier 2 capital: general provisions for loan losses on assets limited to 1.25% of risk-weighted assets.

Risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Group complied with the regulatory capital requirements to which it is subjected.

3. Insurance and Financial Risk Management (Continued)

(d) Capital management (continued)

Companies not requiring external regulatory capital requirements

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on equity, which the Group defines as net profit attributable to owners of the company divided by total owners' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to equity owners.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as debt divided by owners' equity. Debt is calculated as total borrowings as shown in the consolidated statement of financial position. Owners' equity is calculated as capital and reserves attributable to the company's owners as shown in the consolidated statement of financial position.

During 2022, the Group's strategy, which was unchanged from 2021, was to maintain a debt to equity ratio not exceeding 100%. The debt to equity ratios at 31 December 2022 and 2021 were as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Total borrowings (Note 15)	28,318,585	27,988,518
Owners' equity	71,995,793	67,605,593
Gearing ratio	39.3%	41.4%

There were no changes to the Group's approach to capital management during the year.

The parent company complied with all externally imposed capital requirements to which it is subjected.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (g). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rates. Any changes in these variables would impact the value in use calculations. A 1% increase in the discount rate would result in a reduction in the value in use by $1,800,874,000, which would not result in an impairment of goodwill.

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group has recognised deferred tax assets on tax losses carried forward as it anticipates making future taxable income to offset these losses.

(iii) Pension plan assets and post-employment obligations

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The appropriate discount rate is determined at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-employment benefit obligations. In determining the appropriate discount rate, the interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid are considered, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation in the respective economies. Other key assumptions for the pension and post-employment benefits cost and credits are based in part on current market conditions.

(iv) Liabilities arising from claims made under insurance contracts

General Insurance
The determination of the liabilities under insurance contracts represents the liability for future claims payable by the insurance subsidiaries based on contracts for the insurance business in force at the statement of financial position date using several methods, including the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. These liabilities represent the amount of future premiums that will, in the opinion of the actuary, be sufficient to pay future claims relating to contracts of insurance in force, as well as meet the other expenses incurred in connection with such contracts. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the insurance subsidiaries' experience.

Claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the insurance subsidiaries' estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the insurance subsidiaries to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims.

Life Insurance
The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the appointed actuary. Estimates are made regarding the expected number of claims for each of the years in which the Group is exposed to risk. These estimates are based on standard industry and international mortality and morbidity tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the insurance subsidiary's own experience. The estimated number of claims determines the value of the benefit payments and the value of the valuation premiums.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (continued)

(v) Investment properties

Investment properties are carried in the statement of financial position at market value. The Group uses independent qualified property appraisers to value its investment properties annually, generally using the income approach. This approach takes into consideration various assumptions and factors including; the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, the appropriate discount rate, and the current condition of the properties together with an estimate of future maintenance and capital expenditures. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

(vi) Land and buildings

Freehold land and buildings are carried in the statement of financial position at fair value, with changes in fair value being recognised in 'capital and fair value reserve' through other comprehensive income. The Group uses independent qualified property appraisers to value its land and buildings bi-annually. Those fair values were derived using:

- The sales comparison approach, which references market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The most significant input into this valuation approach is price per square foot. Significant increases (decreases) in estimated price per square foot in isolation would result in a significantly higher (lower) fair value.

- The cost approach using observable inputs. The external valuers have determined these inputs based on the size, age and condition of the land and buildings and the state of the economy.

(vii) Fair value of financial instruments

In the absence of quoted market prices, the fair values of a significant portion of the Group's financial instruments were determined using generally accepted alternative methods. The values derived from applying these methods are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. Considerable judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instruments in an arm's length transaction.

(viii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios
- Establishing groups of similar financial assets for the purpose of measuring ECL

Further details about judgements and estimates made by the Group in the above areas is set out in Notes 2 (h) and 3 (c) (i).

(ix) Business combinations

Business combinations are accounted for using the acquisition method. The Group determines the identifiable assets and liabilities using the Purchase Price Allocation method. Under this method, the Group makes estimates about future cash flows which are derived based on factors such as revenue growth, future margins, attrition rates, and discount rates in determining the fair values of the identifiable intangible assets. A similar approach to determine the identifiable assets and liabilities is used for associates and joint ventures.

5. Cash and Deposits

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	19,411,354	24,134,264	2,032,647	1,171,343
Deposits	5,766,662	5,902,417	941,948	2,028,669
	25,178,016	30,036,681	2,974,595	3,200,012

Included in deposits is interest receivable of $88,906,000 (2021: $44,240,000) and $41,967,000 (2021: $14,182,000) for the Group and company, respectively. The weighted average effective interest rate on deposits was 6.69% (2021: 3.29%) and 6.68% (2021: 5.54%) for the Group and company, respectively, and these deposits have an average maturity of under 3 months.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	19,411,354	24,134,264	2,032,647	1,171,343
Deposits	5,766,662	5,902,417	941,948	2,028,669
	25,178,016	30,036,681	2,974,595	3,200,012
Bank overdrafts (Note 15)	(2,746,452)	(2,125,500)	(1,861,750)	(1,545,681)
	22,431,564	27,911,181	1,112,845	1,654,331

6. Investment Securities and Pledged Assets

(a) Investment securities

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At amortised cost:				
Bank of Jamaica	10,439,152	9,218,584	-	-
Government of Jamaica securities	7,382,077	9,757,313	2,128,931	3,106,876
Foreign government securities	177,136	246,094	-	-
Corporate bonds	11,823,237	10,612,752	4,425,939	3,097,321
Other debt securities	6,227,883	7,973,589	498,908	1,823,941
Other	11,148	5,638	335	335
	36,060,633	37,813,970	7,054,113	8,028,473
At fair value through other comprehensive income:				
Quoted equities	919,183	1,202,183	113,841	136,678
Government of Jamaica securities	5,420,853	7,572,896	-	-
Foreign government securities	1,610,919	701,938	-	-
Corporate bonds	2,187,372	1,797,204	-	-
Other debt securities	-	2,794	-	-
Other	-	3,144	-	-
	10,138,327	11,280,159	113,841	136,678
At fair value through profit or loss:				
Quoted equities	1,331,262	746,639	-	-
	1,331,262	746,639	-	-
Total	47,530,222	49,840,768	7,167,954	8,165,151
Less: Pledged assets (Note 6b)	(28,875)	(9,361,518)	-	-
Investment securities in the statement of financial position	47,501,347	40,479,250	7,167,954	8,165,151

Included in investment securities is interest receivable of $608,650,000 (2021: $472,882,000) and $73,365,000 (2021: $155,524,000) for the Group and the company respectively.

The effective interest rate on the investment securities for the Group and company are 6.79% (2021: 5.70%) and 7.38% (2021: 6.79%), respectively.

Included in investment securities for the Group is $13,767,820,000 (2021: $9,952,412,000) and company $1,281,747,000 (2021: $4,709,202,000) which matures within the next 12 months.

Included in Bank of Jamaica securities is $5,246,209,000 (2021: $4,792,937,000) held at the Bank of Jamaica under Section 43 of the Banking Services Act, 2018, which requires that every licensee maintains a cash reserve with the Bank of Jamaica. A prescribed minimum of 19% (2021: 19%) of Jamaica dollar currency deposits liabilities and 27% (2021: 27%) of foreign currency deposit liabilities is required to be maintained as cash reserves by the bank in liquid assets of which 5% (2021: 5%) must be maintained as cash reserves for Jamaican dollar currency and 13% (2021: 13%) for foreign currency cash reserves. No portion of the cash reserve is available for investment, lending or other use by the Group or the banking subsidiary.

6. Investment Securities and Pledged Assets (Continued)

(b) Pledged assets

Assets are pledged as collateral under repurchase agreements with other financial institutions and for security relating to overdraft and other facilities with other financial institutions and the Bank of Jamaica.

	Group			
	Asset		Related Liability	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Total in the statement of financial position (Note 6a)	28,875	9,361,518	27,500	7,158,284

There were no pledged assets in relation to the company.

Of the assets pledged as security, the following represents the total for those assets pledged for which the transferee has the right by contract or custom to sell or repledge the collateral.

	Group	
	2022 $'000	2021 $'000
Pledged assets with right to sell or repledge	28,875	9,361,518

(c) Investments in financial assets designated at fair value through other comprehensive income

The Group has designated at FVOCI investments in a portfolio of equity securities issued by the following exchanges:

- Jamaica Stock Exchange
- Trinidad & Tobago Stock Exchange

The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

The fair value of these investments is $919,183,000 and $113,841,000 for the Group and company respectively as at 31 December 2022. Dividends of $22,185,000 and $0 were recognised during the year for the Group and company respectively. There were no transfers of the cumulative gain within equity during the year.

For debt investments at FVOCI, the Group recognised net gains of $238,982,000 in the income statement during the year, being reclassified from other comprehensive income on sale.

7. Receivables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables, less provision for impairment	12,375,571	10,793,496	2,022,767	1,649,882
Insurance receivables, less provision for impairment	5,274,235	3,920,374	-	-
Reinsurers' portion of unearned premiums	2,381,664	1,942,376	-	-
Deferred policy acquisition costs	491,865	461,888	-	-
Receivable from associates and joint ventures (Note 35e)	30,343	24,757	29,243	22,514
Prepayments	1,363,454	1,757,193	117,800	108,827
Other receivables	2,081,239	1,283,664	72,356	66,498
	23,998,371	20,183,748	2,242,166	1,847,721

The fair values of trade and other receivables approximate carrying values. All receivable balances are due within the next 12 months.

8. Inventories

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Raw materials and spares	1,477,026	1,397,285	-	-
Finished goods	2,282,260	1,578,216	-	-
Merchandise	14,500,329	12,319,900	3,650,371	3,241,605
Goods in transit	3,770,347	3,933,518	1,012,069	1,980,606
	22,029,962	19,228,919	4,662,440	5,222,211

The inventory write-down recognised as an expense amounted to $334,724,000 (2021: $321,729,000) and $166,030,000 (2021: $187,065,000) for the Group and the company respectively.

9. Loans Receivable

(a) Loans receivable comprise:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Finance leases, less deferred profit	35,134	65,765	-	-
Loans and receivables:				
Loans to subsidiaries (Note 35e)	-	-	2,672,800	2,888,921
Loans to associates and joint ventures (Note 35e)	553,934	482,848	-	-
Loans to others	36,211,322	32,773,877	-	58,216
	36,800,390	33,322,490	2,672,800	2,947,137

Loans receivable are due within 10 years from the statement of financial position date.

Included in loans receivable is interest receivable of $392,770,000 (2021: $366,767,000) and $30,206,000 (2021: $9,485,000) for the Group and company, respectively.

Included in loans receivable is $9,431,187,000 (2021: $7,967,497,000) and $1,791,366,000 (2021: $2,336,875,000) which matures in the next 12 months for the Group and the company respectively.

9. Loans Receivable (Continued)

(b) Finance lease receivables:

	Group	
	2022	**2021**
	$'000	**$'000**
Gross receivables from finance leases:		
Not later than 1 year	30,578	34,514
Later than 1 year and not later than 5 years	8,610	40,133
	39,188	74,647
Unearned future finance income on finance leases	(4,054)	(8,882)
Net investment in finance leases	35,134	65,765

The net investment in finance leases is analysed as follows:		
Not later than 1 year	28,518	28,985
Later than 1 year and not later than 5 years	6,616	36,780
Total	35,134	65,765

10. Investments in Associates and Joint Ventures

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	4,524,211	4,118,824	574,698	574,698
Amounts recognised in the income statement	673,191	414,911	-	-
Amounts recognised in other comprehensive income	61,937	140,515	-	-
Dividends paid	(210,355)	(245,039)	-	-
Additions	496,093	95,000	-	-
Disposal	(198,576)	-	-	-
Amounts recognised in the statement of financial position	5,346,501	4,524,211	574,698	574,698

	Group	
	2022	**2021**
	$'000	**$'000**
Dairy Industries (Jamaica) Limited	1,840,095	1,454,729
CSGK Finance Holdings Limited	2,197,746	1,599,963
Catherine's Peak Bottling Company Limited	593,299	590,449
Canopy Insurance Limited	231,668	233,942
Immaterial associated companies	483,693	645,128
Amounts recognised in the statement of financial position	5,346,501	4,524,211

On 30 December 2022, the Group disposed of its 50% interest in Pelican Power Limited, an energy producer operating in Jamaica. The net proceeds amounted to $346,159,000 and the Group recorded a gain of $170,527,000 on the sale.

Dairy Industries (Jamaica) Limited (DIJL), CSGK Finance Holdings Limited (CSGK), Catherine's Peak Bottling Company Limited (CPBC), and Canopy Insurance Limited (CIL) in the opinion of the directors, are material to the Group.

DIJL has share capital consisting solely of ordinary shares, which are partially owned by the Group and held directly by the parent company. The Group owns 50% of the share capital in DIJL. DIJL is one of the main manufacturers of dairy products such as cheese and yogurt, within Jamaica; and sells its products mainly through distributors including to companies within the Group.

CSGK has share capital consisting solely of ordinary shares, which are held indirectly by the parent company through a banking and investment subsidiary. The Group owns 50% of the share capital in CSGK. CSGK is a finance company whose principal activities, through its wholly owned subsidiary Signia Financial Group Inc., are the provision of term finance, motor vehicle leasing, acceptance of deposits, foreign exchange dealing and stock broking.

CPBC has share capital consisting solely of ordinary shares, which are partially owned by the Group and held directly by the parent company. The Group owns 35% of the share capital in CPBC. CPBC is one of the main bottlers of spring water within Jamaica; and sells its products mainly through distributors including to companies within the Group.

CIL has share capital consisting solely of ordinary shares, which are held indirectly by the parent company through a banking and investment subsidiary. The Group owns 50% of the share capital in CIL. CIL provides group life and group health insurance services.

DIJL, CSGK, CPBC and CIL are private companies and there are no quoted market prices available for the shares.

There are no contingent liabilities relating to the Group's interest in DIJL, CSGK, CPBC and CIL and the Group's other associates.

10. Investments in Associates and Joint Ventures (Continued)

The summarised information for DIJL, CSGK, CPBC and CIL that was accounted for using the equity method for the years ended 31 December 2022 and 31 December 2021 is as follows:

Summarised statement of financial position

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Cash and cash equivalents	230,017	291,089	3,672,685	4,056,080
Other current assets (excluding cash)	3,546,060	2,316,004	6,246,133	6,216,004
Total current net assets	3,776,077	2,607,093	9,918,818	10,272,084
Financial liabilities (excluding trade payables)	505,242	98,060	18,238,264	15,663,592
Other current liabilities (including trade payables)	542,864	378,609	465,120	1,218,852
Total current liabilities	1,048,106	476,669	18,703,384	16,882,444
Non-current				
Assets	1,253,374	1,127,811	21,248,981	21,193,561
Liabilities	301,154	348,778	8,068,922	10,583,293
Net assets	3,680,191	2,909,457	4,395,493	3,999,908

	Catherine's Peak Bottling Company Limited		Canopy Insurance Limited	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Cash and cash equivalents	38,369	138,235	366,437	179,427
Other current assets (excluding cash)	326,979	175,532	966,592	1,351,360
Total current net assets	365,348	313,767	1,333,029	1,530,787
Financial liabilities (excluding trade payables)	26,252	21,508	1,129,391	1,593,728
Other current liabilities (including trade payables)	171,828	121,264	-	-
Total current liabilities	198,080	142,772	1,129,391	1,593,728
Non-current				
Assets	402,860	381,541	259,699	546,535
Liabilities	299,384	289,935	-	15,709
Net assets	270,744	262,601	463,337	467,885

10. Investments in Associates and Joint Ventures (Continued)

Summarised income statement

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	5,268,335	4,334,077	2,206,131	2,104,635
Depreciation and amortisation	(83,127)	(78,418)	(87,460)	(62,997)
Interest income - non-financial services	31,772	21,664	-	-
Interest expense - non-financial services	(13,082)	(10,284)	-	-
Profit before income tax	1,004,679	836,691	545,777	231,609
Taxation expense	(245,758)	(212,053)	(84,917)	12,184
Profit after tax	758,921	624,638	460,860	243,793
Other comprehensive income	211,813	(25,479)	(65,275)	286,536
Total comprehensive income	970,734	599,159	395,585	530,329
Dividends received by the Group from associates	100,000	200,000	-	-

	Catherine's Peak Bottling Company Limited		Canopy Insurance Limited	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	1,337,196	1,183,026	2,901,701	2,411,725
Depreciation and amortisation	(39,827)	(32,966)	(40,806)	(27,783)
Interest income - non-financial services	192	224	15,504	7,814
Interest expense - non-financial services	(24,148)	(27,139)	-	-
Profit/(loss) before income tax	84,638	147,018	(252,667)	(225,095)
Taxation expense	(16,835)	(55,634)	58,119	53,947
Profit/(loss) after tax	67,803	91,384	(194,548)	(171,148)
Total comprehensive income	67,803	91,384	(194,548)	(171,148)
Dividends received by the Group from associates	20,881	28,270	-	-

10. Investments in Associates and Joint Ventures (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates and joint ventures

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2022	2021	2022	2021
Summarised financial information	**$'000**	**$'000**	**$'000**	**$'000**
Opening net assets at 1 January	2,909,457	2,710,298	3,999,908	3,469,579
Profit for the period	758,921	624,638	460,860	243,793
Other comprehensive income	211,813	(25,479)	(65,275)	286,536
Dividends paid	(200,000)	(400,000)	-	-
Closing net assets	3,680,191	2,909,457	4,395,493	3,999,908
Interest in associates (%)	50	50	50	40
Interest in associates (J$)	1,840,095	1,454,729	2,197,746	1,599,963
Carrying value	1,840,095	1,454,729	2,197,746	1,599,963

	Catherine's Peak Bottling Company Limited		Canopy Insurance Limited	
	2022	2021	2022	2021
Summarised financial information	**$'000**	**$'000**	**$'000**	**$'000**
Opening net assets at 1 January	262,601	251,988	467,885	449,033
Profit/(loss) for the period	67,803	91,384	(194,548)	(171,148)
Additional investment	-	-	190,000	190,000
Dividends paid	(59,660)	(80,771)	-	-
Closing net assets	270,744	262,601	463,337	467,885
Interest in associates and joint ventures (%)	35	35	50	50
Interest in associates and joint ventures (J$)	94,760	91,910	231,668	233,942
Intangible assets	498,539	498,539	-	-
Carrying value	593,299	590,449	231,668	233,942

Intangible assets related to the investment in Catherine's Peak Bottling Company Limited include the entity's brand and customer relationships with estimated useful lives of 15 years and 10 years respectively, as well as goodwill.

The amounts recognised in total comprehensive income in respect of immaterial associates are as follows:

	Group	
	2022	2021
	$'000	$'000
Profit	136,843	58,665
Other comprehensive income	(11,332)	38,641
Total comprehensive income	125,511	97,306

11. Intangible Assets

	Brands, Customer and Supplier Relationships $'000	Goodwill $'000	Computer Software $'000	Policy Contracts $'000	Total $'000
			Group		
Cost					
At 1 January 2021	3,801,815	2,083,858	4,127,720	653,574	10,666,967
Additions	559,684	-	585,320	-	1,145,004
Acquisition through business combination (Note 39)	1,085,001	-	-	-	1,085,001
Retirement of asset	-	-	(17,881)	-	(17,881)
Exchange differences	188,615	143,382	10,788	-	342,785
At 31 December 2021	5,635,115	2,227,240	4,705,947	653,574	13,221,876
Additions	-	-	985,452	-	985,452
Acquisition through business combination (Note 39)	50,600	74,367	-	-	124,967
Retirement of asset	-	(16,854)	(11,917)	(606,574)	(635,345)
Exchange differences	(123,696)	(103,801)	(2,158)	-	(229,655)
At 31 December 2022	5,562,019	2,180,952	5,677,324	47,000	13,467,295
Accumulated Amortisation					
At 1 January 2021	2,168,744	308,489	3,173,402	604,866	6,255,501
Amortisation charge for the year	311,434	-	347,673	11,084	670,191
Impairment charge	-	16,854	-	-	16,854
Retirement of asset	-	-	(17,881)	-	(17,881)
Exchange differences	109,543	-	10,735	-	120,278
At 31 December 2021	2,589,721	325,343	3,513,929	615,950	7,044,943
Amortisation charge for the year	372,056	-	364,239	9,088	745,383
Retirement of asset	-	(16,854)	(11,917)	(606,574)	(635,345)
Exchange differences	(54,031)	-	(2,152)	-	(56,183)
At 31 December 2022	2,907,746	308,489	3,864,099	18,464	7,098,798
Net Book Amount					
31 December 2022	2,654,273	1,872,463	1,813,225	28,536	6,368,497
31 December 2021	3,045,394	1,901,897	1,192,018	37,624	6,176,933

Impairment tests for goodwill
The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

11. Intangible Assets (Continued)

The allocation of goodwill to the Group's cash generating units (CGUs) identified according to segment is as follows:

	2022 $'000	2021 $'000
Food Trading		
- United Kingdom operations	496,926	578,951
- United States operations	1,129,235	1,151,009
Insurance		
- Jamaica operations	171,937	171,937
Other/Unallocated		
- Jamaica operations	74,365	-
	1,872,463	1,901,897

For the year ended 31 December 2022, management tested the goodwill allocated to all the CGUs for impairment.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates.

Key assumptions used for value in use calculations:

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Food Trading				
- United Kingdom operations	10.08%	6.81%	1.08%	16.00%
- United States operations	10.30%	6.54%	2.30%	14.29%
Insurance				
- Jamaica operations	18.58%	5.21%	0.38%	16.00%

	Computer Software $'000
	Company
Cost	
At 1 January 2021	1,233,550
Additions	164,511
Retirement of asset	(10,983)
At 31 December 2021	1,387,078
Additions	351,086
At 31 December 2022	1,738,164
Accumulated Amortisation	
At 1 January 2021	942,819
Amortisation charge for the year	97,952
Retirement of asset	(10,983)
At 31 December 2021	1,029,788
Amortisation charge for the year	87,876
At 31 December 2022	1,117,664
Net Book Amount	
31 December 2022	620,500
31 December 2021	357,290

12. Fixed Assets

	Freehold Land and Buildings $'000	Leasehold Buildings and Improvements $'000	Plant, Equipment, Fixtures & Vehicles $'000	Right-of-Use Assets [(a)] $'000	Capital Work in Progress $'000	Total $'000
			Group			
Cost						
At 1 January 2021	11,455,243	3,101,290	10,626,188	11,099,961	388,581	36,671,263
Additions	56,694	72,858	668,836	923,680	923,203	2,645,271
Acquisition through business combination (Note 39)	-	-	-	11,254	-	11,254
Revaluation adjustment	20,469	-	-	-	-	20,469
Transfers	129,094	31,930	593,976	-	(755,000)	-
Transfer from investment properties (Note 38)	226,734	-	-	-	-	226,734
Disposals	(1,753)	(43,940)	(616,512)	(140,438)	(6,058)	(808,701)
Exchange differences	90,516	96,817	186,114	572,361	192	946,000
At 31 December 2021	11,976,997	3,258,955	11,458,602	12,466,818	550,918	39,712,290
Additions	68,865	40,935	761,506	892,678	1,058,916	2,822,900
Revaluation adjustment	2,181,577	-	-	-	-	2,181,577
Transfers	644,196	155,918	260,401	-	(1,060,515)	-
Disposals	(2,000)	9,626	(116,905)	(887,235)	-	(996,514)
Exchange differences	(21,540)	(66,674)	(173,132)	(461,258)	(33)	(722,637)
At 31 December 2022	14,848,095	3,398,760	12,190,472	12,011,003	549,286	42,997,616
Accumulated Depreciation						
At 1 January 2021	(6)	1,601,245	6,839,052	2,670,928	-	11,111,219
Acquisition through business combination (Note 39)	-	-	-	7,125	-	7,125
Charge for the year	219,231	222,998	967,473	1,394,530	-	2,804,232
On disposals	(407)	(38,523)	(592,791)	(129,662)	-	(761,383)
Exchange differences	169	39,272	130,995	157,242	-	327,678
At 31 December 2021	218,987	1,824,992	7,344,729	4,100,163	-	13,488,871
Charge for the year	227,496	197,062	995,794	1,371,483	-	2,791,835
Revaluation adjustment	(445,152)	-	-	-	-	(445,152)
On disposals	(1,061)	(292)	(108,823)	(729,716)	-	(839,892)
Exchange differences	(270)	(43,668)	(127,381)	(195,845)	-	(367,164)
At 31 December 2022	-	1,978,094	8,104,319	4,546,085	-	14,628,498
Net Book Amount						
31 December 2022	14,848,095	1,420,666	4,086,153	7,464,918	549,286	28,369,118
31 December 2021	11,758,010	1,433,963	4,113,873	8,366,655	550,918	26,223,419

[(a)] The categorisation of the right-of-use assets is detailed in Note 16.

12. Fixed Assets (Continued)

	Freehold Land and Buildings $'000	Leasehold Buildings and Improvements $'000	Plant, Equipment, Fixtures & Vehicles $'000	Right-of-Use Assets [(a)] $'000	Capital Work in Progress $'000	Total $'000
			Company			
Cost						
At 1 January 2021	94,000	104,827	1,079,953	3,424,944	-	4,703,724
Additions	-	11,371	197,562	1,457	790	211,180
Disposals	-	(8,686)	(149,653)	(44,490)	-	(202,829)
At 31 December 2021	94,000	107,512	1,127,862	3,381,911	790	4,712,075
Additions	-	12,805	109,497	-	17,748	140,050
Revaluation adjustment	14,000	-	-	-	-	14,000
Transfers	-	790	-	-	(790)	-
Disposals	-	-	(16,298)	(59,935)	-	(76,233)
At 31 December 2022	108,000	121,107	1,221,061	3,321,976	17,748	4,789,892
Accumulated Depreciation						
At 1 January 2021	-	92,572	640,133	680,711	-	1,413,416
Charge for the year	1,800	3,051	125,834	281,445	-	412,130
On disposals	-	(7,713)	(148,944)	(44,493)	-	(201,150)
At 31 December 2021	1,800	87,910	617,023	917,663	-	1,624,396
Charge for the year	1,800	5,295	135,365	272,123	-	414,583
Revaluation adjustment	(3,600)	-	-	-	-	(3,600)
On disposals	-	-	(16,292)	(6,029)	-	(22,321)
At 31 December 2022	-	93,205	736,096	1,183,757	-	2,013,058
Net Book Amount						
31 December 2022	108,000	27,902	484,965	2,138,219	17,748	2,776,834
31 December 2021	92,200	19,602	510,839	2,464,248	790	3,087,679

[(a)] The categorisation of the right-of-use assets is detailed in Note 16.

12. Fixed Assets (Continued)

(a) If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cost	9,992,107	9,295,523	44,660	44,660
Accumulated depreciation	1,257,962	1,096,150	17,498	16,382
Net Book Amount	8,734,145	8,199,373	27,162	28,278

(b) The Group's land and buildings were revalued during 2022 by independent valuers. The valuations were done on the basis of open market value, with the exception of the Distribution Centre and Group Headquarters, for which recent market transactions are not available due to the specialised nature of the assets. The revaluation surpluses, net of applicable deferred income taxes, were credited to the capital and fair value reserves in equity (Note 20).

(c) In 2021 an investment property (Note 38) was transferred to land and buildings and is now occupied by the Group.

13. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using principal tax rates of 25% for unregulated companies and 33 ⅓% for regulated companies.

The movement on the deferred income tax account is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	(450,375)	(761,710)	(905,826)	(813,688)
Income statement (charge)/credit (Note 29)	(117,973)	193,455	261,989	31,608
Tax credit/(charge) relating to components of other comprehensive income (Note 29)	116,518	124,535	909,115	(123,746)
Exchange differences	3,644	(6,655)	-	-
At end of year	(448,186)	(450,375)	265,278	(905,826)

13. Deferred Income Taxes (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. Subject to agreement with the taxation administration in the relevant jurisdictions, the Group has recognised tax losses of $1,797,659,000 (2021: $1,948,802,000) and recognised tax credits of $Nil (2021: $212,907,000) to carry forward indefinitely against future taxable income. The Group also has unrecognised tax losses of $Nil (2021: $Nil) in respect of some subsidiaries.

Deferred income tax liabilities of $1,166,437,000 (2021: $1,006,812,000) have not been established for the withholding taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are permanently reinvested; such unremitted earnings totalled $4,665,747,000 (2021: $4,027,248,000).

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

	Group					
Deferred tax liabilities	**Fixed Assets $'000**	**Fair Value Gains $'000**	**Unrealised Foreign Exchange Gains $'000**	**Pension Plan Assets $'000**	**Other $'000**	**Total $'000**
At 1 January 2021	928,329	815,338	30,530	1,710,343	503,213	3,987,753
Charged/(credited) to the income statement	8,888	34,262	105,294	(63,939)	(8,616)	75,889
(Credited)/charged to other comprehensive income	(14,062)	(189,513)	-	128,095	-	(75,480)
Exchange differences	5,746	-	-	-	6,298	12,044
At 31 December 2021	928,901	660,087	135,824	1,774,499	500,895	4,000,206
Charged/(credited) to the income statement	111,044	3,842	(99,397)	(89,293)	251,822	178,018
Charged/(credited) to other comprehensive income	530,827	(182,077)	-	(1,229,088)	-	(880,338)
Exchange differences	(1,370)	-	-	-	(2,864)	(4,234)
At 31 December 2022	1,569,402	481,852	36,427	456,118	749,853	3,293,652

Deferred tax assets	**Fixed Assets $'000**	**Fair Value Losses $'000**	**Unutilised Tax Losses and Credits $'000**	**Employee Benefit Obligations $'000**	**Other $'000**	**Total $'000**
At 1 January 2021	381,430	-	787,955	1,603,164	453,494	3,226,043
Credited/(charged) to the income statement	82,919	-	7,274	179,715	(564)	269,344
Credited to other comprehensive income	-	-	-	49,055	-	49,055
Exchange differences	1,084	-	2,151	-	2,154	5,389
At 31 December 2021	465,433	-	797,380	1,831,934	455,084	3,549,831
Credited/(charged) to the income statement	70,952	34	(226,624)	181,984	33,699	60,045
Credited/(charged) to other comprehensive income	-	89,831	-	(853,651)	-	(763,820)
Exchange differences	(69)	-	(400)	-	(121)	(590)
At 31 December 2022	536,316	89,865	570,356	1,160,267	488,662	2,845,466

13. Deferred Income Taxes (Continued)

	Company					
Deferred tax liabilities	**Fixed Assets $'000**	**Fair Value Gains $'000**	**Unrealised Foreign Exchange Gains $'000**	**Pension Plan Assets $'000**	**Other $'000**	**Total $'000**
At 1 January 2021	33,509	6,980	-	1,710,343	11,313	1,762,145
Charged/(credited) to the income statement	7,404	-	86,321	(63,939)	8,113	37,899
Charged to other comprehensive income	-	14,643	-	128,095	-	142,738
At 31 December 2021	40,913	21,623	86,321	1,774,499	19,426	1,942,782
Charged/(credited) to the income statement	1,271	-	(86,321)	(89,293)	14,297	(160,046)
Charged/(credited) to other comprehensive income	3,757	(5,709)	-	(1,229,088)	-	(1,231,040)
At 31 December 2022	45,941	15,914	-	456,118	33,723	551,696

Deferred tax assets	**Fixed Assets $'000**	**Fair Value Losses $'000**	**Unutilised Tax Losses and Credits $'000**	**Employee Benefit Obligations $'000**	**Other $'000**	**Total $'000**
At 1 January 2021	93,363	-	-	721,680	133,414	948,457
Credited to the income statement	9,629	-	-	52,749	7,129	69,507
Credited to other comprehensive income	-	-	-	18,992	-	18,992
At 31 December 2021	102,992	-	-	793,421	140,543	1,036,956
Credited to the income statement	10,135	-	-	44,955	46,853	101,943
Charged to other comprehensive income	-	-	-	(321,925)	-	(321,925)
At 31 December 2022	113,127	-	-	516,451	187,396	816,974

13. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	1,355,301	1,332,769	265,278	-
Deferred tax liabilities	(1,803,487)	(1,783,144)	-	(905,826)
	(448,186)	(450,375)	265,278	(905,826)
The gross amounts shown in the above tables include the following:				
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months	2,266,939	3,094,747	629,578	896,413
Deferred tax assets to be recovered within 12 months	578,527	455,084	187,396	140,543
	2,845,466	3,549,831	816,974	1,036,956
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	(2,025,520)	(2,703,400)	(502,059)	(1,815,412)
Deferred tax liabilities to be settled within 12 months	(1,268,132)	(1,296,806)	(49,637)	(127,370)
	(3,293,652)	(4,000,206)	(551,696)	(1,942,782)
Deferred tax (liabilities)/assets net	(448,186)	(450,375)	265,278	(905,826)

14. Pensions and Other Post-Employment Obligations

The Group has both defined contribution pension schemes and a defined benefit pension scheme.

Defined contribution schemes
The defined contribution pension scheme is open to Jamaican based employees hired on or after 1 April 2010. Employees contribute 5% of pensionable earnings with the option to contribute an additional voluntary contribution of 5%. The employer contributions are currently set at 10%. The Group also has other defined contribution schemes open to employees of its foreign subsidiaries which are operated in those countries. The Group's and company's contributions for the year were $564,818,000 (2021: $540,568,000) and $137,405,000 (2021: $129,308,000) respectively.

Defined benefit scheme
The Group's defined benefit pension scheme, which commenced on 1 January 1975, is funded by employee contributions at 5% of salary with the option to contribute an additional 14.5%, and employer contributions at 0.02%, as recommended by independent actuaries. The last valuation was carried out at 31 December 2019. Pension at normal retirement age is based on 2% per year of pensionable service of the average of the highest three years' annual salary during the last ten years of service. This scheme was closed to new members as at 31 March 2010.

The Board of Trustees of the pension fund is comprised of representatives from both the employer and members of the plan. The Board of Trustees of the pension fund is required by law to act in the interest of the fund and all relevant stakeholders. The Board of Trustees of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by Proven Fund Managers Limited.

In the event of a plan surplus the Group is able to take a contribution holiday, while a funding deficiency will require the Group to make additional contributions to adequately fund the plan.

14. Pension and Other Post-Employment Obligations (Continued)

Pension benefits

The amounts recognised in the statement of financial position are determined as follows:

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Present value of funded obligations	20,490,560	35,148,107
Fair value of plan assets	(41,533,819)	(42,246,102)
	(21,043,259)	(7,097,995)
Limitation on asset due to uncertainty of obtaining economic benefit	19,218,786	-
Asset in the statement of financial position	(1,824,473)	(7,097,995)

The movement in the defined benefit obligation over the year is as follows:

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Beginning of year	35,148,107	31,778,461
Current service cost	829,898	767,845
Interest cost	2,770,908	2,816,802
	3,600,806	3,584,647
Remeasurements -		
(Gain)/loss from change in financial assumptions	(16,292,935)	233,456
Experience (gains)/losses	(1,213,923)	323,068
	(17,506,858)	556,524
Members' contributions	320,870	286,309
Benefits paid	(1,072,365)	(1,057,834)
End of year	20,490,560	35,148,107

14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)

The movement in the fair value of plan assets for the year is as follows:

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Beginning of year	42,246,102	38,619,833
Interest income on plan assets	3,347,415	3,438,936
Return on plan assets, excluding amounts included in interest income	(3,204,422)	1,068,902
Members' contributions	320,870	286,309
Employers' contributions	571	602
Benefits paid	(1,072,365)	(1,057,834)
Administration costs	(104,352)	(110,646)
End of year	41,533,819	42,246,102

The amounts recognised in the income statement are as follows:

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Current service cost	829,898	767,845
Interest income (net)	(576,507)	(622,134)
Administration costs	104,352	110,646
Total, included in staff costs (Note 28)	357,743	256,357

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $9,876,512,000 (2021: $19,228,731,000) relating to active employees, $1,965,915,000 (2021: $3,720,468,000) relating to deferred members and $8,648,133,000 (2021: $12,198,908,000) relating to members in retirement.

14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)

The plan assets are comprised of:

	Group and Company			
	2022		**2021**	
	$'000	**%**	**$'000**	**%**
Equity	17,776,591	43%	18,121,790	43%
Debt	3,208,408	8%	4,237,124	10%
Real estate	5,069,519	12%	4,808,522	11%
Government securities	14,187,426	34%	13,787,196	33%
Other	1,291,875	3%	1,291,470	3%
	41,533,819	100%	42,246,102	100%

The pension plan assets include the company's ordinary stock units with a fair value of $3,773,465,000 (2021: $4,514,681,000) and buildings occupied by Group companies with fair values of $1,307,666,000 (2021: $1,400,021,000).

The benefit that the company derives from the surplus of the pension plan is limited to the extent of the reduction in future contributions that it will make to the pension scheme.

Expected contributions by the Group to the post-employment scheme for the year ending 31 December 2023 are $579,000. The actual return on plan assets was $142,993,000 (2021: $4,507,838,000).

The principal actuarial assumptions used were as follows:

	2022	**2021**
Discount rate	13.0%	8.0%
Long term inflation rate	5.5%	5.0%
Future salary increases	7.0%	6.5%
Future pension increases	5.5%	5.0%

Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 60 on the statement of financial position date is as follows:

	2022	**2021**
Male	25.20	25.00
Female	27.50	27.30

(expressed in Jamaican dollars unless otherwise indicated)

14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Group and Company						
	Impact on post-employment obligations						
	Change in Assumption	Increase in Assumption			Decrease in Assumption		
			2022	2021		2022	2021
Discount rate	1%	Decrease by	9.7%	14.3%	Increase by	11.7%	18.3%
Future salary increases	1%	Increase by	2.4%	4.0%	Decrease by	2.2%	3.6%
Expected pension increase	1%	Increase by	8.8%	12.8%	Decrease by	7.6%	10.6%

	Group and Company					
	Impact on post-employment obligations					
	Increase in Assumption by One Year			Decrease in Assumption by One Year		
		2022	2021		2022	2021
Life expectancy	Increase by	1.7%	2.7%	Decrease by	1.8%	2.8%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Other post-employment obligations

The Group operates a number of post-employment benefit schemes, principally in Jamaica. The benefits covered under the schemes include group life, insured and self-insured health care, gratuity and other supplementary plans. Funds are not built up to cover the obligations under these retirement benefit schemes. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for the pension schemes, the main actuarial assumption is a long term increase in health costs of 7.0% per year (2021: 6.0% per year).

14. Pensions and Other Post-Employment Obligations (Continued)

Other post-employment obligations (continued)

The amounts recognised in the statement of financial position were determined as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Present value of unfunded obligations	4,298,567	6,768,762	2,065,803	3,173,684

Movement in the defined benefit obligation is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	6,768,762	5,949,279	3,173,684	2,886,721
Current service cost	337,078	288,712	99,603	87,830
Interest cost	532,897	526,781	248,238	253,981
Past service cost - vested benefits	23,440	5,705	11,061	(11,926)
	893,415	821,198	358,902	329,885
Remeasurements -				
Loss/(gain) from change in demographic assumptions	210,578	10,903	79,925	(3,883)
(Gain)/loss from change in financial assumptions	(3,075,734)	183,115	(1,283,240)	103,171
Experience gains	(253,906)	(21,465)	(84,383)	(23,320)
	(3,119,062)	172,553	(1,287,698)	75,968
Benefits paid	(244,548)	(174,268)	(179,085)	(118,890)
End of year	4,298,567	6,768,762	2,065,803	3,173,684

The amounts recognised in the income statement were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	337,078	288,712	99,603	87,830
Interest cost	532,897	526,781	248,238	253,981
Past service cost	23,440	5,705	11,061	(11,926)
Total included in staff costs (Note 28)	893,415	821,198	358,902	329,885

The total charge was included in administration expenses.

14. Pensions and Other Post-Employment Obligations (Continued)

Other post-employment obligations (continued)

The composition of the liability recognised in relation to the other post-employment obligations in the statement of financial position is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Gratuity Plan	823,186	1,107,248	448,770	613,702
Group Life Plan	1,003,397	2,017,501	513,862	993,481
Insured Group Health	1,414,109	2,303,705	518,452	794,828
Self Insured Health Plan	690,684	831,264	304,961	381,170
Supplementary Pension Plan	367,191	509,044	279,758	390,503
Liability in the statement of financial position	4,298,567	6,768,762	2,065,803	3,173,684

The sensitivity of the post-employment medical benefits to changes in the principal assumptions is:

		Group					
		Impact on post-employment obligations					
	Change in Assumption	**Increase in Assumption**			**Decrease in Assumption**		
			2022	**2021**		**2022**	**2021**
Discount rate	1%	Decrease by	10.9%	15.1%	Increase by	13.4%	19.7%
Medical inflation rate	1%	Increase by	14.1%	19.9%	Decrease by	11.6%	15.5%

		Company					
		Impact on post-employment obligations					
	Change in Assumption	**Increase in Assumption**			**Decrease in Assumption**		
			2022	**2021**		**2022**	**2021**
Discount rate	1%	Decrease by	10.0%	13.6%	Increase by	12.1%	17.4%
Medical inflation rate	1%	Increase by	12.7%	17.7%	Decrease by	10.6%	14.0%

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plan and other post-employment benefits, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. This process includes monitoring and rebalancing the asset classes and the maturity profile of assets within these classes. The Government bonds largely represent investments in Government of Jamaica securities.

However, the Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Group's long term strategy to manage the plan efficiently.

(expressed in Jamaican dollars unless otherwise indicated)

14. Pensions and Other Post-Employment Obligations (Continued)

Risks associated with pension plans and post-employment plans (continued)

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities in the event that discretionary pension increases are granted. The majority of the plan's assets are either unaffected by (fixed interest securities) or loosely correlated with (equities) inflation, meaning that an increase in inflation has the potential to reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Board of Trustees is ultimately responsible for the establishment and oversight of the plan's risk management framework, including monitoring the overall risk management process, as well as approving policies covering specific areas, such as limits for specific asset classes, foreign exchange risk, credit risk and investment of excess liquidity. The Board is responsible for monitoring the investment portfolio and investment strategies for the plan. A large portion of assets in 2022 consists of money market instruments, bonds and equities.

Funding levels are monitored on an annual basis and the current agreed contribution rate by the Group is 0.02% of pensionable salaries. The next triennial valuation is due to be completed for the plan's financial position as at 31 December 2022. The Group considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit. Regular contributions, which are based on service costs, will be assessed following the upcoming valuation to determine if any increase is required.

The average duration of the post-employment obligations is as follows:

Plans	Years
Gratuity Plan	6.6
Group Life Plan	14.5
Insured Group Health	15.7
Pension Plan	12.0
Self Insured Health Plan	9.3
Superannuation Plan	5.5

15. Bank and Other Loans

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Secured on assets	6,679,858	5,828,286	-	-
Unsecured	21,638,727	22,160,232	11,424,197	11,077,468
	28,318,585	27,988,518	11,424,197	11,077,468

(a) Unsecured loans of subsidiaries are supported by letters of comfort from the parent company. Interest rates on these loans range between 2.1% - 9.0% (2021: 2.1% - 7.0%).

(b) Bank and other loans comprise:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Bank overdrafts (Note 5)	2,746,452	2,125,500	1,861,750	1,545,681
Bank borrowings	12,825,772	12,097,975	7,095,940	6,365,105
Lease liabilities (Note 16)	8,295,215	9,144,245	2,390,358	2,674,634
Other loans	4,451,146	4,620,798	76,149	492,048
Total borrowings	28,318,585	27,988,518	11,424,197	11,077,468

Certain bank borrowings are secured on the assets of subsidiaries that have the loans. All other borrowings are unsecured. Included in bank borrowings and other loans is interest payable of $178,983,000 (2021: $151,812,000) and $59,321,000 (2021: $36,820,000) for the Group and the company, respectively.

Included in bank borrowings and other loans is $12,544,722,000 (2021: $11,943,683,000) and $5,657,623,000 (2021: $5,269,375,000) for the Group and the company respectively, which matures in the next 12 months.

The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.77% (2021: 5.08%) and are within level 2 of the fair value hierarchy.

16. Leases

(a) Amounts recognised in the statement of financial position

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Properties	7,160,016	7,873,326	2,138,219	2,464,248
Equipment	136,085	197,064	-	-
Motor vehicles	168,817	296,265	-	-
Total right-of-use assets	7,464,918	8,366,655	2,138,219	2,464,248
Current	1,612,773	1,176,509	228,424	227,984
Non-current	6,682,442	7,967,736	2,161,934	2,446,650
Total lease liabilities	8,295,215	9,144,245	2,390,358	2,674,634

Additions to the right-of-use assets were $892,678,000 (2021: $923,680,000) and $Nil (2021: $1,457,000) for the Group and company respectively.

(b) Amounts recognised in the income statement

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation charge of right-of-use assets				
Properties	1,184,191	1,236,027	272,123	281,445
Equipment	66,772	54,005	-	-
Motor vehicles	120,520	104,498	-	-
	1,371,483	1,394,530	272,123	281,445
Interest expense	408,932	492,064	154,733	168,448
Expense relating to short term leases	20,596	24,965	13,894	13,619

The total cash outflow for leases was $2,171,236,000 (2021: $1,334,023,000) and $452,903,000 (2021: $404,064,000) for the Group and company respectively.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of office space, warehouses and retail stores, the following factors are normally the most relevant:

- The existence of significant penalties to terminate (or not extend)
- The existence of leasehold improvements that are expected to have a significant remaining value
- Other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in equipment and vehicle leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

As at 31 December 2022, potential undiscounted future cash outflows of $4,301,997,000 (2021: $4,551,860,000) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

17. Payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	6,923,342	9,348,455	1,104,417	1,708,640
Insurance payables	4,426,679	2,747,728	-	-
Insurance reserves (a)	11,934,828	10,789,640	-	-
Payable to associates (Note 35 (e))	589,430	375,155	333,657	112,881
Accruals	4,952,256	5,358,315	1,121,220	1,262,209
Customer loyalty programme	322,143	384,088	143,068	207,602
Contract liabilities	407,360	617,271	7,815	4,923
Other payables	7,342,293	6,398,721	925,426	777,486
	36,898,331	36,019,373	3,635,603	4,073,741

All payables balances are due within the next 12 months.

(a) Insurance reserves:

	Group	
	2022	**2021**
	$'000	**$'000**
Gross –		
Claims outstanding	5,163,194	4,660,200
Provision for claims, IBNR & UCAE	1,109,330	1,127,892
Unearned premiums	5,164,682	4,581,972
Unearned commissions	497,622	419,576
	11,934,828	10,789,640

18. Provisions

Provisions comprise restoration costs as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	48,303	42,602	-	-
Additional provisions	2,078	2,029	-	-
Exchange differences	(914)	3,672	-	-
At end of year	49,467	48,303	-	-

This relates to the present value of the expected restoration costs to be incurred on the expiring of a lease of property by one of the food trading subsidiaries. The lease will expire in 2034.

19. Share Capital

	Group and Company			
	2022	**2021**	**2022**	**2021**
	Units ('000)	**Units ('000)**	**$'000**	**$'000**
Authorised -				
Ordinary shares	1,200,000	1,200,000		
Issued and fully paid -				
Ordinary stock units	995,129	995,070	634,147	630,314
Treasury shares	(4,336)	(5,061)	(369,551)	(345,927)
Issued and outstanding	990,793	990,009	264,596	284,387

(a) During the year, the company issued 21,000 (2021: 15,000) shares to its employees for cash of $1,533,000 (2021: $737,000) and transferred 38,000 (2021: 42,000) units to employees at a fair value of $2,300,000 (2021: $2,229,000). The shares were issued under the Long Term Incentive (LTI) Scheme.

(b) During the year, the company through its employee investment trust sold 2,773,000 (2021: Nil) units of its own shares at a fair value of $267,469,000 (2021: $Nil), purchased 3,539,000 (2021: 1,000,000) units at a fair value of $345,177,000 (2021: $101,738,000) and transferred 1,491,000 (2021: 1,291,000) units to employees at a fair value of $148,223,000 (2021: $103,461,000). The total number of treasury shares held by the company at the end of the year was 4,336,000 (2021: 5,061,000) at a cost of $369,551,000 (2021: $345,927,000).

(c) In 2016, the company commenced operating an LTI Scheme administered by a committee of the Group's Board of Directors. The scheme is governed by the provisions of the 2009 Stock Offer Plan and includes the offer of restricted stock grants and stock options to executive directors and other senior executives. Participating executives are eligible to receive awards of restricted stock grants once certain predetermined Group performance objectives are met. These awards are earned annually following achievement of the performance objectives and are subject to a two year holding period from the end of the performance year after which the stock grants will vest and the executive will be entitled to receive the stock units. The stock option portion of the LTI Scheme is granted annually and vesting is dependent on a time-based criterion.

The following allocation of stock options were made to executive directors and other senior executives:

	1 Mar. 2022	**25 Feb. 2021**	**27 Feb. 2020**	**25 Jun. 2019**	**10 May 2018**	**11 May 2017**	**12 May 2016**
Number of shares	3,945,179	3,835,373	3,786,693	1,650,497	1,759,004	1,967,156	2,551,665
Subscription price	$103.52	$79.52	$67.79	$61.72	$47.77	$42.09	$28.00

The subscription price that the options were granted at is the weighted average price of the company's shares on the Jamaica Stock Exchange for the previous three days prior to the grant date. The total of the grant to each executive director and other senior executive will fully vest on the third anniversary of the grant. After vesting executives will have up to five years to exercise the stock options.

19. Share Capital (Continued)

(c) Long Term Incentive Scheme (continued)

	2022 Offer	2021 Offer	2020 Offer	2019 Offer	2018 Offer	2017 Offer	2016 Offer	Total
				2022				
Movement on this option:	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
At 1 January	-	3,835	3,751	1,599	774	690	269	10,918
Granted	3,945	-	-	-	-	-	-	3,945
Exercised	-	-	-	(986)	(144)	(143)	(70)	(1,343)
Forfeited	(101)	(133)	(132)	-	-	-	-	(366)
At 31 December	3,844	3,702	3,619	613	630	547	199	13,154

	2021 Offer	2020 Offer	2019 Offer	2018 Offer	2017 Offer	2016 Offer	Total
			2021				
Movement on this option:	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
At 1 January	-	3,751	1,650	1,474	833	352	8,060
Granted	3,835	-	-	-	-	-	3,835
Exercised	-	-	(51)	(700)	(143)	(83)	(977)
At 31 December	3,835	3,751	1,599	774	690	269	10,918

(d) Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2022		2021	
Movement on this option:	**Average exercise price in $ per share**	**Options '000**	**Average exercise price in $ per share**	**Options '000**
At 1 January	67.00	10,918	58.49	8,060
Granted	103.52	3,945	79.52	3,835
Exercised	56.38	(1,343)	46.00	(977)
Forfeited	81.96	(366)	-	-
At 31 December	78.62	13,154	67.00	10,918

Shares totalling 5,609,000 (2021: 3,332,000) are exercisable at the statement of financial position date.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		2022	2021
	Exercise price in $ per share	**Options '000**	**Options '000**
2023	28.00	199	269
2024	42.09	547	690
2025	47.77	630	774
2026	61.72	613	1,599
2027	67.79	3,619	3,751
2028	79.52	3,702	3,835
2029	103.52	3,844	-
		13,154	10,918

19. Share Capital (Continued)

(e) The fair value of options granted determined using the Black-Scholes valuation model was $368,565,000. The significant inputs into the model were the weighted average share prices and exercise prices ranging from $28.00 to $103.52 at the grant dates, standard deviation of expected share price returns ranging from 24.5% to 29.3%, option life of eight years and risk-free interest rates ranging between 1.45% to 6.40%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the term of the options. The fair value of potential restricted stock grants to be earned is $786,231,000 and the fair value of restricted stock grants earned and vested is $295,843,000.

The expense recognised in the income statement for share-based payments excluding the cost of discounted shares was $331,440,000 (2021: $233,232,000).

(f) During 2022, 2,509,000 shares (2021: Nil) were sold to staff members through the employee investment trust at a discount of 25% from the closing market price of the stock as at 31 January 2022. The cost of the discount expensed in the income statement was $139,616,000 (2021: $Nil).

20. Capital and Fair Value Reserves

	Group							
	Capital Reserve	Loan Loss Reserve	Fair Value Reserves	Total	Capital Reserve	Loan Loss Reserve	Fair Value Reserves	Total
	2022				2021			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Realised gains on disposal of assets	102,738	-	-	102,738	120,071	-	-	120,071
Capital distributions received	46,164	-	-	46,164	46,164	-	-	46,164
Realised gain on sale of shares	282,267	-	-	282,267	188,128	-	-	188,128
Profits capitalised by Group companies	1,974,513	-	-	1,974,513	1,974,513	-	-	1,974,513
Unrealised surplus on the revaluation of fixed assets, net of deferred taxes	-	-	5,858,955	5,858,955	-	-	3,781,510	3,781,510
Fair value gains, net of deferred taxes	-	-	449,544	449,544	-	-	1,018,459	1,018,459
Loan loss reserve	-	235,033	-	235,033	-	235,033	-	235,033
Catastrophe reserve	12,270	-	-	12,270	12,270	-	-	12,270
Other	33,451	-	-	33,451	33,451	-	-	33,451
	2,451,403	235,033	6,308,499	8,994,935	2,374,597	235,033	4,799,969	7,409,599

	Company					
	Capital Reserve	Fair Value Reserves	Total	Capital Reserve	Fair Value Reserves	Total
	2022			2021		
	$'000	$'000	$'000	$'000	$'000	$'000
Capital distributions received	24,507	-	24,507	24,507	-	24,507
Unrealised surplus on the revaluation of fixed assets, net of deferred taxes	-	67,789	67,789	-	53,946	53,946
Fair value gains, net of deferred taxes	-	330,635	330,635	-	253,625	253,625
	24,507	398,424	422,931	24,507	307,571	332,078

21. Banking Reserves

Banking reserves represent both those reserves required to be maintained by the banking subsidiary, First Global Bank Limited (FGB), in compliance with the Jamaica Banking Services Act; as well as additional reserves that the Banking Services Act permits FGB to transfer from net profit to constitute part of its capital base for purposes of determining the maximum level of deposit liabilities and lending to customers.

22. Other Reserves

	Group			Company
	Foreign Currency Translation $'000	**Share-based Payments $'000**	**Total $'000**	**Share-based Payments $'000**
At 1 January 2021	3,811,578	286,544	4,098,122	148,824
Equity holders' share of other comprehensive income	1,477,207	-	1,477,207	-
Share-based payment expense	-	231,560	231,560	160,174
Transfer of treasury shares to employees	-	(103,185)	(103,185)	(76,255)
Exercised directly through equity	-	(29,145)	(29,145)	(19,549)
Transfer of shares to employees	-	(2,229)	(2,229)	(2,229)
At 31 December 2021	5,288,785	383,545	5,672,330	210,965
Equity holders' share of other comprehensive income	(925,748)	-	(925,748)	-
Share-based payment expense	-	468,923	468,923	366,831
Issue of treasury shares at discount	-	(139,616)	(139,616)	(139,616)
Transfer of treasury shares to employees	-	(147,629)	(147,629)	(104,653)
Exercised directly through equity	-	(61,065)	(61,065)	(39,905)
Transfer of shares to employees	-	(2,300)	(2,300)	(2,300)
At 31 December 2022	4,363,037	501,858	4,864,895	291,322

(a) The reserve for foreign currency translation represents foreign exchange differences arising on translation of the Group's foreign operations to the presentation currency, Jamaican dollars.

(b) The reserve for share-based payments represents stock options and restricted stock units granted under the various equity compensation plans as described in Note 19.

23. Non-Controlling Interests

	2022 $'000	**2021 $'000**
Beginning of year	3,400,382	2,869,068
Share of total comprehensive income:		
Share of net profit of subsidiaries	566,994	748,790
Revaluation surplus	74,864	-
Remeasurement of post-employment benefit obligations	38,549	(5,847)
Other	(13,019)	68,998
	667,388	811,941
Addition of non-controlling interest (Note 39)	38,997	83,216
Transfer of non-controlling interest	-	61,880
Employee share option scheme: value of services received	2,133	1,672
Share-based payments exercised	(309)	(144)
Transfer of treasury shares to employees	(594)	(276)
Dividends paid	(346,797)	(426,975)
End of year	3,761,200	3,400,382

23. Non-Controlling Interests (Continued)

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

The total non-controlling interest for the period is $3,761,200,000 of which $3,330,216,000 is for GraceKennedy Money Services Caribbean SRL. The non-controlling interest in respect of other subsidiaries is not material.

In 2021, the Group increased its shareholdings in Key Insurance Company Limited from 65.2% to 73.2% by way of a renounceable rights issue through the purchase of additional shares in excess of its existing proportionate share. This rights issue had the effect of increasing the overall capital of Key Insurance Company Limited and resulted in an increase of non-controlling interests shown in the table above as an increase of $83,216,000 and transfer of $61,880,000.

Summarised financial information on subsidiaries with material non-controlling interests.

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of financial position

	GraceKennedy Money Services Caribbean SRL	
	2022	**2021**
	$'000	**$'000**
Current		
Assets	13,533,451	13,793,798
Liabilities	(2,877,860)	(4,097,649)
Total current net assets	10,655,591	9,696,149
Non-current		
Assets	4,777,011	4,546,181
Liabilities	(2,111,737)	(2,232,740)
Total non-current net assets	2,665,274	2,313,441
Net assets	13,320,865	12,009,590

23. Non-Controlling Interests (Continued)

Summarised income statement

	GraceKennedy Money Services Caribbean SRL	
	2022	**2021**
	$'000	**$'000**
Revenue	9,015,932	9,668,489
Profit before income tax	3,189,649	3,979,746
Taxation expense	(900,974)	(1,155,349)
Profit after tax	2,288,675	2,824,397
Other comprehensive income	123,651	244,276
Total comprehensive income	2,412,326	3,068,673
Total comprehensive income allocated to non-controlling interest	603,082	767,168
Dividends paid to non-controlling interest	(344,369)	(425,789)

Summarised cash flows

	GraceKennedy Money Services Caribbean SRL	
	2022	**2021**
	$'000	**$'000**
Cash flows from operating activities		
Cash generated from operations	2,267,121	5,680,672
Interest paid	(124,753)	(137,392)
Income tax paid	(884,992)	(1,579,413)
Net cash generated from operating activities	1,257,376	3,963,867
Net cash used in investing activities	(194,570)	(249,425)
Net cash used in financing activities	(1,493,804)	(1,847,527)
Net increase/(decrease) in cash and cash equivalents	(430,998)	1,866,915
Cash and cash equivalents at the beginning of year	9,354,638	7,247,580
Exchange (losses)/gains on cash and cash equivalents	(56,583)	240,143
Cash and cash equivalents at end of year	8,867,057	9,354,638

The information above represents amounts before intercompany eliminations.

24. Segment Information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Group has four reportable segments which are based on the different types of products and services that it offers. These products and services are described in its principal activities (Note 1). The reportable segments derive their revenue primarily from food trading and financial services. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (Note 2). The Group evaluates performance on the basis of profit or loss before tax expense not including post-employment benefits, share-based payments and net corporate central office costs which are shown in unallocated amounts. Segment information also excludes discontinued operations.

The segment information provided to management for the reportable segments is as follows:

Operating segments

	2022					
	Food Trading	**Banking & Investments**	**Insurance**	**Money Services**	**Unallocated/ Elimination**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
REVENUE						
External sales	113,225,816	7,699,611	12,953,064	9,015,932	37,278	142,931,701
Inter-segment sales	244,395	309,297	776,153	-	(1,329,845)	-
Total Revenue	113,470,211	8,008,908	13,729,217	9,015,932	(1,292,567)	142,931,701
Operating results	5,740,671	947,073	1,270,455	3,307,765	131,379	11,397,343
Unallocated expense	-	-	-	-	(1,157,671)	(1,157,671)
Profit from operations	-	-	-	-	-	10,239,672
Finance income	11,935	5,420	63,698	56,868	420,851	558,772
Finance expense	(685,466)	(89,363)	(22,130)	(124,753)	(329,111)	(1,250,823)
Share of results of associates and joint ventures	504,228	266,237	(97,274)	-	-	673,191
Profit before taxation	5,571,368	1,129,367	1,214,749	3,239,880	(934,552)	10,220,812
Taxation						(2,626,420)
Net Profit						7,594,392
Operating assets	70,828,706	81,921,463	29,609,823	17,622,196	(8,917,712)	191,064,476
Investment in associates and joint ventures	2,770,290	2,334,410	231,668	10,133	-	5,346,501
Unallocated assets	-	-	-	-	4,611,729	4,611,729
Total assets	73,598,996	84,255,873	29,841,491	17,632,329	(4,305,983)	201,022,706
Operating liabilities	34,988,986	68,792,232	18,626,719	4,424,830	(8,882,627)	117,950,140
Unallocated liabilities	-	-	-	-	7,315,573	7,315,573
Total liabilities	34,988,986	68,792,232	18,626,719	4,424,830	(1,567,054)	125,265,713
Other segment items						
Additions to non-current assets [(b)]	2,502,238	856,040	191,130	258,944	-	3,808,352
Depreciation	(2,049,165)	(340,649)	(126,796)	(275,225)	-	(2,791,835)
Amortisation	(311,117)	(215,496)	(171,958)	(46,812)	-	(745,383)

24. Segment Information (Continued)

Operating segments (continued)

	2021					
	Food Trading	**Banking & Investments**	**Insurance**	**Money Services**	**Unallocated/ Elimination**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
REVENUE						
External sales	101,559,341	6,856,787	11,225,254	9,668,489	-	129,309,871
Inter-segment sales	220,739	284,179	652,041	-	(1,156,959)	-
Total Revenue	101,780,080	7,140,966	11,877,295	9,668,489	(1,156,959)	129,309,871
Operating results	5,752,532	672,785	1,419,638	4,132,283	81,540	12,058,778
Unallocated expense	-	-	-	-	(157,192)	(157,192)
Profit from operations	-	-	-	-	-	11,901,586
Finance income	13,487	9,555	33,131	22,146	507,973	586,292
Finance expense	(696,228)	(77,102)	(23,200)	(129,038)	(301,104)	(1,226,672)
Share of results of associates and joint ventures	366,477	134,008	(85,574)	-	-	414,911
Profit before taxation	5,436,268	739,246	1,343,995	4,025,391	131,217	11,676,117
Taxation						(2,735,808)
Net Profit						8,940,309
Operating assets	67,803,929	83,537,143	26,155,692	17,585,423	(9,303,329)	185,778,858
Investment in associates and joint ventures	2,309,586	1,970,550	233,942	10,133	-	4,524,211
Unallocated assets	-	-	-	-	9,493,922	9,493,922
Total assets	70,113,515	85,507,693	26,389,634	17,595,556	190,593	199,796,991
Operating liabilities	35,481,494	71,703,886	15,856,697	5,737,028	(9,329,420)	119,449,685
Unallocated liabilities	-	-	-	-	9,341,331	9,341,331
Total liabilities	35,481,494	71,703,886	15,856,697	5,737,028	11,911	128,791,016
Other segment items						
Additions to non-current assets [(b)]	2,874,875	583,249	71,500	260,651	-	3,790,275
Depreciation	(2,096,544)	(306,433)	(122,873)	(278,382)	-	(2,804,232)
Amortisation	(340,628)	(166,528)	(120,445)	(42,590)	-	(670,191)
Impairment	(16,854)	-	-	-	-	(16,854)

24. Segment Information (Continued)

Operating segments (continued)

The profit or loss, assets and liabilities for reportable segments are reconciled to the totals for profit or loss, assets and liabilities as follows:

	Profit before Taxation		Assets		Liabilities	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total for reportable segments	11,155,364	11,544,900	205,328,689	199,606,398	126,832,767	128,779,105
Inter-segment eliminations	-	-	(8,917,712)	(9,303,329)	(8,882,627)	(9,329,420)
Unallocated amounts:						
Corporate central office results	542,543	1,267,134	-	-	-	-
Post-employment benefits	(1,006,039)	(902,685)	-	-	-	-
Share-based payments	(471,056)	(233,232)	-	-	-	-
Taxation recoverable	-	-	1,431,955	1,063,158	-	-
Deferred tax assets	-	-	1,355,301	1,332,769	-	-
Pension plan asset	-	-	1,824,473	7,097,995	-	-
Taxation	-	-	-	-	1,213,519	789,425
Deferred tax liabilities	-	-	-	-	1,803,487	1,783,144
Other post-employment obligations	-	-	-	-	4,298,567	6,768,762
Total unallocated	(934,552)	131,217	4,611,729	9,493,922	7,315,573	9,341,331
Total per financial statements	10,220,812	11,676,117	201,022,706	199,796,991	125,265,713	128,791,016

Geographical information

	Revenue [a]		Non-current Assets [b]	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Jamaica	79,864,389	69,271,855	27,620,645	24,089,973
United Kingdom	15,624,951	15,970,404	1,794,914	2,425,492
United States of America	27,721,954	25,292,724	6,995,243	6,966,429
Canada	9,390,060	9,030,784	376,914	541,986
Other Caribbean countries	9,161,730	8,529,349	4,086,300	3,666,583
Other European countries	1,007,680	1,005,123	-	-
Africa	4,513	11,293	-	-
Other countries	156,424	198,339	-	-
Total	142,931,701	129,309,871	40,874,016	37,690,463

[a] Revenue is attributed to countries on the basis of the customer's location.

[b] For the purposes of segment information, non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts, as well as discontinued operations.

25. Revenues

Revenues can be disaggregated as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Timing of revenue recognition –				
Goods transferred at a point in time	113,225,816	101,559,341	29,238,580	25,282,019
Services transferred at a point in time	14,239,287	13,798,470	-	-
Services transferred over time	134,135	139,321	-	-
Revenue from insurance contracts	10,582,192	9,194,106	-	-
Interest revenue –				
Interest income on investments	1,398,564	1,176,195	-	-
Interest income on loans receivable	3,351,707	3,442,438	-	-
	142,931,701	129,309,871	29,238,580	25,282,019

26. Expense by Nature

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Auditors' remuneration	338,372	288,811	36,000	29,224
Advertising and marketing	3,408,867	3,381,068	1,503,357	1,189,216
Amortisation of intangibles	745,383	670,191	87,876	97,952
Commissions and other money services costs	1,568,446	1,521,005	-	-
Cost of inventory recognised as expense	77,720,864	68,608,641	21,437,088	18,386,675
Depreciation	2,791,835	2,804,232	414,583	412,130
Impairment	-	16,854	-	-
Impairment losses on financial assets (net)	347,204	441,642	30,145	11,128
Information technology	1,705,646	1,594,574	519,459	599,894
Insurance	1,184,189	1,089,478	194,206	165,371
Interest expense and other financial services expenses	10,397,427	8,508,006	-	-
Legal, professional and other fees	5,446,338	4,803,476	1,023,015	1,234,275
Occupancy costs	3,548,919	3,065,011	396,819	306,009
Repairs and maintenance expenditure	1,246,753	1,113,176	42,203	45,254
Staff costs (Note 28)	20,696,668	19,559,695	5,987,320	5,514,378
Transportation	2,831,110	2,288,726	738,410	568,327
Other expenses	2,462,121	2,259,227	423,052	381,285
	136,440,142	122,013,813	32,833,533	28,941,118

27. Other Income

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income	41,178	37,466	1,747,056	1,930,628
Net foreign exchange gains	431,175	1,409,755	42,947	525,537
Change in fair value of investment properties	24,000	66,900	-	-
Change in value of investments – fair value through profit or loss	320,139	51,373	-	-
Gain on acquisition of subsidiary (Note 39)	-	593,535	-	-
Gain/(loss) on disposal of investments	255,994	48,307	-	(3,500)
Gain/(loss) on disposal of fixed assets	54,125	(6,726)	3,628	5,915
Fees and commissions	1,406,203	1,196,406	3,997,606	3,873,882
Interest income	572,888	388,171	-	-
Rebates, reimbursements and recoveries	197,228	153,248	66,264	61,033
Rent	242,379	232,970	-	-
Miscellaneous	202,804	434,123	79,501	10,746
	3,748,113	4,605,528	5,937,002	6,404,241

28. Staff Costs

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	14,344,392	14,024,075	3,678,234	3,628,609
Pension (Note 14)	357,743	256,357	357,743	256,357
Pension contributions to defined contribution scheme (Note 14)	564,818	540,568	137,405	129,308
Other post-employment benefits (Note 14)	893,415	821,198	358,902	329,885
Share-based payments	471,056	233,232	366,831	160,174
Statutory contributions	1,509,830	1,351,546	428,863	395,918
Other costs	2,555,414	2,332,719	659,342	614,127
	20,696,668	19,559,695	5,987,320	5,514,378

29. Taxation

Taxation is based on the profit for the year adjusted for taxation purposes:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current tax	2,678,049	2,886,470	418,607	249,220
Adjustment to prior year provision	(169,602)	42,793	-	-
Deferred tax (Note 13)	117,973	(193,455)	(261,989)	(31,608)
	2,626,420	2,735,808	156,618	217,612

The tax on the Group's and company's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the company as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	10,220,812	11,676,117	2,373,716	2,890,251
Tax calculated at a tax rate of 25%	2,555,203	2,919,029	593,429	722,563
Adjusted for the effects of:				
Different tax rates in other countries	(81,021)	(111,319)	-	-
Change in tax rate of unregulated Jamaican companies	8,638	-	-	-
Different tax rate of regulated Jamaican companies	294,118	451,139	-	-
Income not subject to tax	(153,085)	(411,814)	(428,357)	(529,142)
Expenses not deductible for tax purposes	349,999	366,586	2,089	17,271
Adjustment to prior year provision	(169,602)	42,793	-	-
Share of profits of associates and joint ventures included net of tax	(168,298)	(103,728)	-	-
Recognition/utilisation of previously unrecognised tax losses	(4,201)	(417,018)	-	-
Other	(5,331)	140	(10,543)	6,920
Tax expense	2,626,420	2,735,808	156,618	217,612

29. Taxation (Continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group					
	2022			2021		
	Before tax	**Tax charge**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Items that will not be reclassified to profit or loss:						
Revaluation surplus	2,626,729	(530,827)	2,095,902	20,469	14,062	34,531
Fair value losses	(90,615)	27,299	(63,316)	(104,628)	39,757	(64,871)
Remeasurements of post-employment benefit obligations	(1,797,288)	375,437	(1,421,851)	339,825	(79,040)	260,785
Share of other comprehensive income of associates and joint ventures	105,907	-	105,907	(12,739)	-	(12,739)
	844,733	(128,091)	716,642	242,927	(25,221)	217,706
Items that may be subsequently reclassified to profit or loss:						
Foreign currency translation adjustments	(890,295)	-	(890,295)	1,394,327	-	1,394,327
Fair value losses	(754,710)	244,609	(510,101)	(476,005)	149,756	(326,249)
Share of other comprehensive income of associates and joint ventures	(43,970)	-	(43,970)	153,254	-	153,254
	(1,688,975)	244,609	(1,444,366)	1,071,576	149,756	1,221,332
Other comprehensive income	(844,242)	116,518	(727,724)	1,314,503	124,535	1,439,038
Deferred tax (Note 13)	-	116,518	-	-	124,535	-

	Company					
	2022			2021		
	Before tax	**Tax charge**	**After tax**	**Before tax**	**Tax credit/ (charge)**	**After tax**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Items that will not be reclassified to profit or loss:						
Revaluation surplus	17,600	(3,757)	13,843	-	-	-
Fair value (losses)/gains	(22,838)	5,709	(17,129)	58,571	(14,643)	43,928
Remeasurements of post-employment benefit obligations	(3,628,652)	907,163	(2,721,489)	436,411	(109,103)	327,308
Other comprehensive income	(3,633,890)	909,115	(2,724,775)	494,982	(123,746)	371,236
Deferred tax (Note 13)	-	909,115	-	-	(123,746)	-

29. Taxation (Continued)

(a) By letter dated 17 May 2018, the Guyana Revenue Authority (GRA) indicated that GraceKennedy Remittance Services Guyana ('GKRS Guyana') was "incorrectly" classified as a non-commercial company rather than a commercial company. Based on this, the GRA asserted that GKRS Guyana had wrongly paid corporation taxes at the lower non-commercial company rate. GKRS Guyana's tax liability for the period 2010 to 2016 was assessed by the GRA to be the equivalent of J$253,718,000, excluding penalties and interest if applicable (the "Retroactive Sum").

GKRS Guyana lodged objections to the GRA's assessment on the basis that the GRA wrongly assessed GKRS Guyana as a commercial company and that GKRS Guyana had filed (and the GRA had accepted), returns for a period of over 20 years as a non-commercial company. By letter dated 26 September 2018, received on 4 October 2018, the GRA indicated that it would maintain its assessments despite the objection.

GKRS Guyana filed an appeal on 26 October 2018 and defence in response was filed by the GRA on 21 December 2018. Oral submissions were heard in chambers before the Judge on 27 March 2019 and on 8 July 2019, the court ruled in favour of GKRS Guyana; setting aside the decision by the GRA to reclassify the company as a commercial company and therefore reversing the decision by GRA to impose corporation tax at the commercial rate.

The GRA was granted permission to file an appeal at a hearing held on 27 November 2019. The appeal was filed to the Full Court of the Supreme Court of Guyana and a cross-appeal was filed on behalf of GKRS Guyana. Submissions were filed by both parties and the matter was adjourned to 7 July 2020 for a ruling.

On 20 July 2020, the Full Court delivered its ruling, finding in favour of the GRA in respect of years of income 2010 to 2016. The effect of this ruling was to reverse the earlier decision of the single judge of the Supreme Court and affirm the GRA's stance that GRKS Guyana is liable to pay the Retroactive Sum.

GKRS Guyana, has on the advice of local counsel, appealed the judgment of the Full Court to the Court of Appeal of Guyana (the "Substantive Appeal"). The grounds for Substantive Appeal include a specific failure of the GRA to explain why it departed from the customary treatment of GKRS Guyana and why it should be stripped of its legitimate expectation to be treated as a non-commercial company for the purposes of Guyanese tax assessment. Counsel for GKRS Guyana has advised that the appeal has significant merit and a date for the hearing of the appeal is being awaited. Notwithstanding that GKRS Guyana is considered to have a strong basis for appeal, having regard to the present ruling, a provision for the assessment was recorded by the Group in 2020.

By letter dated 6 September 2022, the GRA raised additional assessments in relation to GKRS Guyana for the period 2017 to 2021. GKRS Guyana's tax liability for the period 2017 to 2021 was assessed by the GRA to be the equivalent of J$653,022,000 excluding penalties and interest if applicable. GKRS Guyana secured a bond in the amount of the assessment as a pre-requisite to appealing the decision, lodged objections to the GRA's assessments, and filed an appeal to the 2017 to 2021 reclassifications in the High Court which was heard on 9 February 2023. The High Court granted a stay of the appeal pending the hearing and determination of the Substantive Appeal before the Court of Appeal. No provision was made in relation to this assessment.

30. Net Profit Attributable to the Owners of GraceKennedy Limited

Dealt with as follows in the financial statements of:

	2022 $'000	2021 $'000
The company	2,217,098	2,672,639
Intra-group dividends, gain on disposal of subsidiaries within the Group and other eliminations on consolidation	(1,746,980)	(1,929,304)
Adjusted company profit	470,118	743,335
The subsidiaries	5,884,089	7,033,273
The associates and joint ventures	673,191	414,911
	7,027,398	8,191,519

31. Dividends

	2022 $'000	2021 $'000
Paid,		
Interim – 48 cents per stock unit (2021 : 45 cents)	475,689	445,827
Interim – 48 cents per stock unit (2021 : 45 cents)	476,096	445,828
Interim – 48 cents per stock unit (2021 : 48 cents)	475,641	475,607
Final – 58 cents per stock unit (2021 : 55 cents)	574,315	544,620
	2,001,741	1,911,882

32. Earnings Per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to owners by the weighted average number of ordinary stock units outstanding during the year.

	2022	2021
Net profit attributable to owners ($'000)	7,027,398	8,191,519
Weighted average number of stock units outstanding ('000)	990,756	989,977
Basic earnings per stock unit ($)	7.09	8.27

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary stock units outstanding to assume conversion of all dilutive potential ordinary stock units.

(a) 3,798,000 (2021: 3,236,000) ordinary stock units for the full year in respect of stock options for directors.

(b) 9,356,000 (2021: 7,682,000) ordinary stock units for the full year in respect of the stock options for managers.

(c) 7,024,000 (2021: 5,380,000) ordinary stock units for the full year in respect of the restricted stock grants earned.

	2022	2021
Net profit attributable to owners ($'000)	7,027,398	8,191,519
Weighted average number of stock units outstanding ('000)	990,756	989,977
Adjustment for share options and restricted stock grants ('000)	9,798	8,268
	1,000,554	998,245
Diluted earnings per stock unit ($)	7.02	8.21

33. Cash Flows from Operating Activities

Reconciliation of net profit to cash generated from operating activities:

		Group		Company	
		2022	2021	2022	2021
	Note	$'000	$'000	$'000	$'000
Net profit		7,594,392	8,940,309	2,217,098	2,672,639
Items not affecting cash:					
Depreciation	12	2,791,835	2,804,232	414,583	412,130
Amortisation	11	745,383	670,191	87,876	97,952
Impairment charge		-	16,854	-	-
Change in value of investment properties		(24,000)	(66,900)	-	-
Change in value of investments		(320,139)	(51,373)	-	-
(Gain)/loss on disposal of fixed assets		(54,125)	6,726	(3,628)	(5,915)
(Gain)/loss on disposal of investments		(255,994)	(48,307)	-	3,500
Gain on acquisition of subsidiary		-	(593,535)	-	-
Share-based payments	19	471,056	233,232	366,831	160,174
Exchange loss/(gain) on foreign balances		14,672	(282,949)	69,151	(386,961)
Interest income – non financial services		(558,772)	(586,292)	(714,355)	(693,562)
Interest income – financial services		(5,323,159)	(5,006,804)	-	-
Interest expense – non financial services		1,250,823	1,226,672	682,688	548,453
Interest expense – financial services		1,150,805	765,004	-	-
Taxation expense	29	2,626,420	2,735,808	156,618	217,612
Unremitted equity income in associates and joint ventures		(462,836)	(169,872)	-	-
Pension plan surplus		357,172	255,755	357,172	255,755
Other post-employment obligations		648,867	646,930	179,817	210,995
		10,652,400	11,495,681	3,813,851	3,492,772
Changes in working capital components:					
Inventories		(2,801,043)	(4,795,785)	559,771	(2,591,326)
Receivables		(3,814,623)	(3,310,480)	(395,329)	(294,239)
Loans receivable, net		(3,544,956)	(1,677,522)	-	-
Payables		878,958	7,146,910	(420,047)	917,607
Deposits		4,965,554	4,767,294	-	-
Securities sold under repurchase agreements		(7,093,832)	1,942,665	-	-
Subsidiaries		-	-	(1,158,148)	(1,042,185)
Provisions		1,165	5,700	-	-
Total (used in)/provided by operating activities		(756,377)	15,574,463	2,400,098	482,629

33. Cash Flows from Operating Activities (Continued)

Reconciliation of net profit to cash generated from operating activities (continued):

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash (used in)/provided by operating activities	(756,377)	15,574,463	2,400,098	482,629
Interest received – financial services	5,078,288	4,982,477	-	-
Interest paid – financial services	(1,183,545)	(679,883)	-	-
Translation (losses)/gains	(736,466)	702,732	-	-
Taxation paid	(2,453,152)	(3,512,607)	(185,923)	(494,822)
Net cash (used in)/provided by operating activities	(51,252)	17,067,182	2,214,175	(12,193)

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

Amounts represent bank and other loans, excluding bank overdrafts

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	25,863,018	24,222,390	9,531,787	8,367,257
Lease liability to acquire right-of-use asset	892,678	923,680	-	1,457
Loans received	11,698,299	18,547,509	7,971,845	11,510,344
Loans repaid	(12,479,840)	(18,577,169)	(7,899,074)	(10,318,191)
Foreign exchange adjustments	(429,192)	669,914	(21,049)	(28,055)
Net interest movements	27,170	76,694	(21,062)	(1,025)
At 31 December	25,572,133	25,863,018	9,562,447	9,531,787

34. Contingent Liabilities

(a) On 20 December 2021, the Board of Inland Revenue in Trinidad and Tobago (Board) raised an assessment on a subsidiary in Trinidad & Tobago for additional corporation tax for income year 2015 for an equivalent of J$418,478,000, inclusive of interest, if applicable. Subsequent to the year-end, the subsidiary filed an objection to the Board.

The main grounds of the assessment and subsequent objection relates to disallowing certain realised losses on the basis that it was unable to verify aspects of the underlying asset. As part of its objection, the subsidiary has provided documentary evidence to the Board, which are from multiple third party independent sources, to confirm the substance and validity of the deduction.

The subsidiary is of the strong view that the decision will be favourable and expects the most likely outcome will be that the assessment is withdrawn. On this basis, no provision has been recorded.

(b) The company established a standby letter of credit for the equivalent of $226,512,000 in favour of the lessors for a warehouse utilised by a food trading subsidiary. The facility is priced at 2% per annum and expires after 1 year with an option to renew annually.

(c) Various companies in the Group are involved in certain legal proceedings incidental to the normal conduct of business. The management of these companies believes that none of these proceedings, individually or in aggregate, will have a material effect on the Group.

35. Related Party Transactions and Balances

The following transactions were carried out with related parties:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
(a) Sales of goods and services				
Sales of goods	5,650	5,369	627,121	581,225
Sales of services	203,606	170,649	3,148,605	3,017,614
(b) Purchase of goods and services				
Purchases of goods	6,703,072	6,088,911	12,643,227	11,025,949
Purchases of services	366,642	395,453	829,489	805,037
(c) Interest				
Interest income	33,986	26,671	207,734	147,979
Interest expense	61,956	24,745	227,016	190,669

Dividends received by the company from subsidiaries and associates were $1,626,099,000 (2021: $1,701,034,000) and $120,881,000 (2021: $228,270,000) respectively.

(d) Transactions with key management

Key management includes directors (executive and non-executive) and members of the Executive Committee

The compensation of key management for services is shown below:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	744,228	747,239	535,092	542,604
Fees paid to directors	36,841	41,172	29,603	32,665
Post-employment benefits	120,165	84,155	111,475	77,662
Share-based payments	212,454	159,617	177,235	128,306
	1,113,688	1,032,183	853,405	781,237

The following amounts are in respect of directors' emoluments:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Fees	36,841	41,172	29,603	32,665
Management remuneration	246,434	222,575	246,434	222,575
Consultancy services	-	18,000	-	18,000
Share-based payments	67,303	33,685	67,303	33,685
	350,578	315,432	343,340	306,925

35. Related Party Transactions and Balances (Continued)

(d) Transactions with key management (continued)

Transactions with directors and other key management personnel (and their families)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Sale of goods and services –				
Sales of goods	1,915	1,139	1,299	679
Sales of services	2,164	3,699	-	-
Purchase of goods and services –				
Purchase of services	1,721	4,040	1,721	4,040
Interest earned and incurred –				
Interest income	10,310	11,052	-	-
Interest expense	12,090	6,474	-	-

(e) Year-end balances with related parties

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash and deposits with subsidiaries	-	-	123,279	952,877
Investment securities with subsidiaries	-	-	498,908	299,666
Receivable from subsidiaries	-	-	1,204,889	1,716,883
Receivable from associates and joint ventures (Note 7)	30,343	24,757	29,243	22,514
Loans receivable from subsidiaries (Note 9)	-	-	2,672,800	2,888,921
Loans receivable from associates and joint ventures (Note 9)	553,934	482,848	-	-
Payable to subsidiaries	-	-	1,917,735	3,587,877
Payable to associates and joint ventures (Note 17)	589,430	375,155	333,657	112,881
Loans & leases payable to subsidiaries	-	-	2,279,606	2,529,533
Deposits payable to associates and joint ventures	1,151,869	115,628	-	-

(f) Loans to related parties

Loans receivable from subsidiaries are repayable in the years 2023 - 2025 and bear interest at 3.0% - 8.5% (2021: 2.5% - 6.5%). No provision was required in 2022 and 2021 for loans made to subsidiaries.

35. Related Party Transactions and Balances (Continued)

(f) Loans to related parties (continued)

	Company	
	2022	**2021**
	$'000	**$'000**
Loans to subsidiaries:		
At 1 January	2,888,921	2,402,046
Loans advanced during the year	1,545,349	1,075,761
Loan repayments received	(1,730,364)	(631,217)
Exchange differences	(61,312)	32,846
Interest charged	160,705	117,772
Interest received	(130,499)	(108,287)
At 31 December	2,672,800	2,888,921

(g) Year end balances with directors and other key management

Balances with directors and other key management personnel (and their families)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Receivables	10,027	5,221	439	125
Loans receivable	170,168	224,134	-	38,766
Payables	18,800	5,035	-	-
Loans payable	23,191	20,187	-	-
Deposits payable	448,872	460,288	-	-

(h) Loans to directors and other key management

The loans receivable attract interest at rates ranging between 4.78% - 16.38% (2021: 0% - 10.76%) and are repayable in the years 2023 - 2045. These loans are secured and are made on terms similar to those offered to other employees. No provision was required in 2022 and 2021 for the loans made to directors and senior managers.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Loans to directors and other key management:				
At 1 January	224,134	146,311	38,766	45,227
Loans advanced during the year	39,093	94,277	-	-
Loan repayments received	(77,508)	(17,036)	(38,766)	(6,461)
Exchange differences	(15,890)	-	-	-
Interest charged	10,310	11,052	-	-
Interest received	(9,971)	(10,470)	-	-
At 31 December	170,168	224,134	-	38,766

(i) Share options granted to directors

The outstanding number of share options granted to the directors of the company at the end of the year was 3,798,000 (2021: 3,236,000).

36. Fair Values Estimation

Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following tables provide an analysis of the Group's and company's financial instruments held as at 31 December that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Level 1 includes those instruments which are measured based on quoted prices in active markets for identical assets or liabilities.
- Level 2 includes those instruments which are measured using inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 includes those instruments which are measured using valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

	Group			
	2022			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Financial assets at fair value through other comprehensive income:				
Quoted equities	919,183	-	-	919,183
Government of Jamaica securities	-	5,420,853	-	5,420,853
Foreign governments	-	1,610,919	-	1,610,919
Corporate bonds	-	2,187,372	-	2,187,372
Financial assets at fair value through profit or loss:				
Quoted equities	1,331,262	-	-	1,331,262
Total Assets	2,250,445	9,219,144	-	11,469,589

36. Fair Values Estimation (Continued)

Financial Instruments (continued)

	Group			
	2021			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through other comprehensive income:				
Quoted equities	1,202,183	-	-	1,202,183
Government of Jamaica securities	-	7,572,896	-	7,572,896
Foreign governments	-	701,938	-	701,938
Corporate bonds	-	1,797,204	-	1,797,204
Other debt securities	-	2,794	-	2,794
Other	3,144	-	-	3,144
Financial assets at fair value through profit or loss:				
Quoted equities	746,639	-	-	746,639
Total Assets	1,951,966	10,074,832	-	12,026,798

	Company			
	2022			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through other comprehensive income:				
Quoted equities	113,841	-	-	113,841
Total Assets	113,841	-	-	113,841

36. Fair Values Estimation (Continued)

Financial Instruments (continued)

	Company			
	2021			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Financial assets at fair value through other comprehensive income:				
Quoted equities	136,678	-	-	136,678
Total Assets	136,678	-	-	136,678

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments listed on a public stock exchange classified as either fair value through other comprehensive income or fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in level 2.

36. Fair Values Estimation (Continued)

Fair Value of Land and Buildings and Investment Properties

An independent valuation of the Group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2022. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'capital and fair value reserves' in shareholders' equity (Note 20). The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Land and buildings and investment properties are classified as level 3. The valuations have been performed using the sales comparison and income approaches for all properties except the Distribution Centre and Group Headquarters, which is valued using the cost approach.

The carrying value of land and buildings classified as level 3 is $14,848,095,000 (2021: $11,758,010,000) and $108,000,000 (2021: $92,200,000) for the Group and company respectively.

The carrying value of investment properties classified as level 3 is $789,900,000 (2021: $765,900,000).

Reconciliation of the opening and closing balances of the Group's land and buildings:

	Group headquarters	Distribution center	Other land and buildings	Total
			2022	
	$'000	$'000	$'000	$'000
At 1 January 2021	3,197,200	4,610,000	3,648,049	11,455,249
Additions and transfers in	13,362	109,318	63,108	185,788
Revaluation adjustment	-	-	20,469	20,469
Disposals and transfers out	-	-	225,388	225,388
Depreciation	(66,297)	(116,008)	(36,926)	(219,231)
Translation adjustment	-	-	90,347	90,347
At 31 December 2021	3,144,265	4,603,310	4,010,435	11,758,010
Additions and transfers in	15,776	4,210	693,075	713,061
Revaluation adjustment	392,257	591,498	1,642,974	2,626,729
Disposals and transfers out	-	-	(939)	(939)
Depreciation	(66,398)	(118,018)	(43,080)	(227,496)
Translation adjustment	-	-	(21,270)	(21,270)
At 31 December 2022	3,485,900	5,081,000	6,281,195	14,848,095

(expressed in Jamaican dollars unless otherwise indicated)

36. Fair Values Estimation (Continued)

Fair Value of Land and Buildings and Investment Properties (continued)

A reconciliation of the opening and closing balances for the company's land and buildings and the Group's investment properties are disclosed in Notes 12 and 38 respectively.

Valuation processes of the Group

On a biennial basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings. The most recent valuations were performed as at 31 December 2022. The Group engages external, independent and qualified valuers to determine the fair value of its investment properties on an annual basis.

Sales Comparison Approach

There have been a limited number of similar sales in the local market, and consequently the sales comparison approach incorporates unobservable inputs which in the valuator's judgement reflects suitable adjustments regarding size, age, condition, time of sale, quality of land and buildings and improvements. The most significant input into this valuation is the price per square foot. The higher the price per square foot the higher the fair value.

Income Approach

The projected net income of the subject properties are discounted using an appropriate capitalisation rate. The most significant inputs to this valuation are the rental rate per square foot and the capitalisation rate. Rental rates of the subject properties are adjusted to reflect the market rent for properties of similar size, location and condition. The higher the rental rate per square foot the higher the fair value. The higher the capitalisation rate the lower the fair value. The average rent per square foot ranges between $600 to $650 and the capitalisation rate ranges between 8% - 9%.

Cost Approach

The fair values of the Distribution Centre and Group Headquarters amounting to $5,081,000,000 (2021: $4,603,310,000) and $3,485,900,000 (2021: $3,144,265,000) have been determined using the cost approach due to specialised nature of the assets. The key inputs into this valuation are shown in the table below.

Unobservable inputs	Range of unobservable inputs - Distribution Centre	Range of unobservable inputs - Group Headquarters	Relationship of unobservable inputs
Certified costs of construction as at date of completion of property	US$21,500,000 - US$22,000,000	J$2,997,445,000	The higher the costs of construction the higher the fair value
Rate of increase in construction costs from date of last valuation	2022: 9% - 11% 2021: 5% - 10%	2022: 8% - 10% 2021: 4% - 5%	The higher the rate of increase in construction costs the higher the fair value
Professional fees - architects, quantity surveyors, engineers	2022: 7% 2021: 7%	2022: 7% 2021: 7%	The higher the professional fees the higher the fair value
Interest cost	2022: 13% 2021: 15%	2022: 14% 2021: 15%	The higher the interest cost the higher the fair value
Estimated profit margin required by developer	2022: 6.0% 2021: 5.5%	2022: 6.0% 2021: 5.5%	The higher the developer's profit the higher the fair value
Rate of obsolescence	2022: 16% 2021: 14%	2022: 12% 2021: 10%	The higher the rate of obsolescence the lower the fair value

37. Financial Instruments by Category

	Group			
	Assets at amortised cost $'000	**Assets at fair value through profit or loss $'000**	**Assets at fair value through other comprehensive income $'000**	**Total $'000**
At 31 December 2022:				
Cash and deposits	25,178,016	-	-	25,178,016
Investment securities and pledged assets	36,060,633	1,331,262	10,138,327	47,530,222
Loans receivable	36,800,390	-	-	36,800,390
Trade and other receivables	19,761,388	-	-	19,761,388
Total financial assets	117,800,427	1,331,262	10,138,327	129,270,016

	Group			
	Assets at amortised cost $'000	**Assets at fair value through profit or loss $'000**	**Assets at fair value through other comprehensive income $'000**	**Total $'000**
At 31 December 2021:				
Cash and deposits	30,036,681	-	-	30,036,681
Investment securities and pledged assets	37,813,970	746,639	11,280,159	49,840,768
Loans receivable	33,322,490	-	-	33,322,490
Trade and other receivables	16,022,291	-	-	16,022,291
Total financial assets	117,195,432	746,639	11,280,159	129,222,230

	Group
	Other financial liabilities at amortised cost $'000
At 31 December 2022:	
Deposits	52,655,288
Securities sold under agreements to repurchase	28,469
Bank and other loans	28,318,585
Trade and other payables	31,236,027
Total financial liabilities	112,238,369

37. Financial Instruments by Category (Continued)

	Group
	Other financial liabilities at amortised cost
	$'000
At 31 December 2021:	
Deposits	48,143,926
Securities sold under agreements to repurchase	7,249,565
Bank and other loans	27,988,518
Trade and other payables	31,017,825
Total financial liabilities	114,399,834

	Company		
	Assets at amortised cost	**Assets at fair value through other comprehensive income**	**Total**
	$'000	**$'000**	**$'000**
At 31 December 2022:			
Cash and deposits	2,974,595	-	2,974,595
Investment securities and pledged assets	7,054,113	113,841	7,167,954
Loans receivable	2,672,800	-	2,672,800
Trade and other receivables	2,124,366	-	2,124,366
Subsidiaries	1,204,889	-	1,204,889
Total financial assets	16,030,763	113,841	16,144,604

	Company		
	Assets at amortised cost	**Assets at fair value through other comprehensive income**	**Total**
	$'000	**$'000**	**$'000**
At 31 December 2021:			
Cash and deposits	3,200,012	-	3,200,012
Investment securities and pledged assets	8,028,473	136,678	8,165,151
Loans receivable	2,947,137	-	2,947,137
Trade and other receivables	1,738,894	-	1,738,894
Subsidiaries	1,716,883	-	1,716,883
Total financial assets	17,631,399	136,678	17,768,077

37. Financial Instruments by Category (Continued)

	Company
	Other financial liabilities at amortised cost
	$'000
At 31 December 2022:	
Bank and other loans	11,424,197
Trade and other payables	3,635,603
Subsidiaries	1,917,735
Total financial liabilities	16,977,535

	Company
	Other financial liabilities at amortised cost
	$'000
At 31 December 2021:	
Bank and other loans	11,077,468
Trade and other payables	4,073,741
Subsidiaries	3,587,877
Total financial liabilities	18,739,086

38. Investment Properties

	Group	
	2022	**2021**
	$'000	**$'000**
At 1 January	765,900	925,734
Change in fair value	24,000	66,900
Transfer to fixed assets (Note 12)	-	(226,734)
At 31 December	789,900	765,900

The following amounts have been recognised in the income statement:

	Group	
	2022	**2021**
	$'000	**$'000**
Rental income arising from investment properties	53,842	50,991
Direct operating expenses arising from investment properties	21,932	17,570

Investment properties comprise commercial properties that are leased to third parties.

39. Business Combinations

On 13 May 2022, the Group acquired 60.0% 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.

On acquisition date, the company had no receivables.

Bluedot contributed revenue of $37,278,000 and loss after tax of $29,681,000 to the Group since being acquired.

The company did not have any operating results prior to acquisition and therefore the effect had the business been consolidated from 1 January 2022, on revenue and profit after tax, would be unchanged from what is presented in these financial statements.

Acquisition-related costs of $5,273,000 have been charged to administration expenses in the consolidated income statement for the year ended 31 December 2022.

The goodwill outlined below is attributable to company specific synergies including leveraging data analytical expertise across the Group and the workforce in place.

The non-controlling interest is based on the proportionate fair value of the net assets acquired.

The following table summarises the purchase consideration, net assets acquired and goodwill:

	13 May 2022 $'000
Purchase consideration:	
Cash paid on date of acquisition	132,862
Assets and liabilities arising from the acquisition:	
Cash and cash equivalents	46,892
Trademarks (included in intangibles) (Note 11)	22,400
Customer relationships (included in intangibles) (Note 11)	28,200
Fair value of net assets acquired	97,492
Non-controlling interest (Note 23)	(38,997)
Goodwill (Note 11)	74,367
Purchase consideration settled in cash	132,862
Cash and cash equivalents in business acquired	(46,892)
Cash outflow on acquisition	85,970

39. Business Combinations (Continued)

In the prior year, the Group acquired 100.0% of the share capital of GK Life Insurance Eastern Caribbean Limited, an insurance entity which conducts creditor life insurance business and operates within the territories of Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

	$'000
Total consideration	1,114,711
Fair value of net assets acquired	(1,708,246)
Gain on acquisition of subsidiary (Note 27)	(593,535)
Purchase consideration settled in cash	637,778
Cash and cash equivalents in business acquired	(370,690)
Cash outflow at end of year	267,088

Pending Transaction

On 30 August 2022, the Group entered into an agreement with The Bank of Nova Scotia to acquire 100% of Scotia Insurance Caribbean Limited (SICL). 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. The company currently operates in Barbados, Belize, British Virgin Islands, Cayman Islands and Turks & Caicos Islands. The transaction is expected to close in the first quarter of 2023 and is subject to regulatory approvals and other customary closing conditions.

40. Subsequent Events

(a) On 14 February 2023, the Group acquired an additional 35.0% of the share capital of Jamaican company, Catherine's Peak Bottling Company Limited, for a purchase consideration of $612,500,000. The company is one of the main bottlers of spring water within Jamaica and sells its products mainly through distributors including to companies within the Group. The share purchase brings the Group's total shareholdings in the company to 70.0%, having previously held 35.0% of the share capital since 2018.

(b) On 1 March 2023, the Board of Directors approved an interim dividend in respect of 2023 of 50 cents per ordinary stock unit. The dividend is payable on 6 April 2023 to shareholders on record as at 17 March 2023.

41. 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.

FORM OF PROXY

I/We...

of...

being a member/members of GraceKennedy Limited hereby appoint ....

....of..

or failing him/her...

of ....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 31 May 2023 at 2:00 p.m. at GraceKennedy Headquarters, 42-56 Harbour Street, Kingston, Jamaica and electronically via an online platform which can be accessed via our website at www.gracekennedy.com and at any adjournment thereof.

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3A		
RESOLUTION 3B		
RESOLUTION 3C		
RESOLUTION 4		
RESOLUTION 5		

Unless otherwise instructed, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this .... day of 2023

....
Signature

....
Signature

....
Signature

Place Stamp Here

J$100

Note:

1. In the case of a body corporate, this form should be executed under seal in accordance with the company's Articles.
2. To be valid this proxy must be deposited with the Corporate Secretary of the Company at 73 HARBOUR STREET, KINGSTON, JAMAICA not less 48 hours before the time appointed for holding the Meeting. A Proxy need not be a member of the Company.
3. This form of proxy should bear stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy.

GraceKennedy Limited

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