

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT





FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

CONDENSED CONSOLIDATED INCOME STATEMENT							
J\$'000		UNAUDITED				AUDITED	
	penses arnings before other expenses, net 6 ses, net 7		Months Sep	Nine N Jan t	Year Jan to Dec		
	Notes	2022	2021	2022	2021	2021	
Revenue Cost of sales		6,166,996 3,422,359)	5,494,611 (4,406,172)	19,683,782 (10,836,483)	17,802,473 (10,834,211)	23,840,001 (14,007,828)	
Gross profit		2,744,637	1,088,439	8,847,299	6,968,262	9,832,173	
Operating expenses		(700,207)	(592,189)	(2,049,719)	(1,851,631)	(2,501,440)	
Operating earnings before other expenses, net Other expenses, net	6 7	<b>2,044,430</b> (165,881)	<b>496,250</b> (85,477)	<b>6,797,580</b> (599,297)	<b>5,116,631</b> (277,740)	<b>7,330,733</b> (443,930)	
Operating earnings		1,878,549	410,773	6,198,283	4,838,891	6,886,803	
Financial income		7,160	1,135	14,491	8,209	12,300	
Financial expenses		(153,765)	(111,813)	(429,944)	(411,905)	(670,895)	
(Loss) gain on foreign exchange		(4,457)	34,820	(23,593)	(223,663)	(516,781)	
Earnings before taxation Taxation charge		<b>1,727,487</b> (517,215)	<b>334,915</b> (291,206)	<b>5,759,237</b> (1,506,948)	<b>4,211,532</b> (1,077,057)	<b>5,711,427</b> (1,369,795)	
CONSOLIDATED NET INCOME		1,210,272	43,709	4,252,289	3,134,475	4,341,632	
Earnings per stock unit (expressed in \$ per stock unit)	3	1.42	0.05	5.00	3.68	5.10	

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Earnings per stock unit (expressed in \$ per stock unit) 3	1.42	0.05	5.00	3.68	E 10			
(expressed in a her stock duit)	1.42	0.00	5.00	3.00	5.10			
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME								
J\$'000		UNAU	DITED		AUDITED			
	Three Months Jul to Sep			Months to Sep	Year Jan to Dec			
	2022	2021	2022	2021	2021			
CONSOLIDATED NET INCOME	1,210,272	43,709	4,252,289	3,134,475	4,341,632			
Items that will not be reclassified subsequently to the income statement:								
Net actuarial losses from remeasurement of employee benefits obligation	-	-	-	-	(179,630)			
Deferred tax recognised directly in other comprehensive income					44,908			
Items that are or may be reclassified subsequently			<u>-</u>		(134,722)			
to the income statement: Effects from derivative financial instruments designated								
as cash flow hedge	(20,053)	59,982	(3,607)	101,328	40,355			
	(20,053)	59,982	(3,607)	101,328	40,355			
Total items of other comprehensive (loss) income, net	(20,053)	59,982	(3,607)	101,328	(94,367)			
TOTAL COMPREHENSIVE INCOME	1,190,219	103,691	4,248,682	3,235,803	4,247,265			

### **DIRECTORS' STATEMENT** In exercising our corporate responsibility, the company's flagship

### **Health and Safety**

Caribbean Cement Company Limited (CCCL) has attained three years of zero lost time incidents. To mark this achievement, employees were recognized for their significant role by CEMEX Chief Executive Officer (CEO), Fernando Gonzalez, during his visit to the plant in August.

Through strict adherence to COVID-19 protocols, and the company's relentless training in areas such as first aid and driving safety, among others. CCCL has been able to demonstrate its capability and commitment to a safe working environment for all its employees. contractors, and visitors. Presently, we believe CCCL is in a good position to transition into the new normal, incorporating the experiences and lessons learnt during the period. CCCL is already adapting to the new business environment whilst maintaining its focus on preventing the spread of COVID-19 and other health

### Expansion

During the third quarter, plans were unveiled to expand CCCL's production capacity by up to 30 per cent. The initiative was officially announced at a ceremony attended by Prime Minister, the Most Hon. Andrew Holness and members of his Cabinet, and CEMEX and TCL Group officials, including CEMEX CEO, Fernando Gonzalez A key result of this US\$40 million investment will be the optimization

of heat consumption during the cement manufacturing process effectively reducing the company's carbon footprint in Jamaica. The project is expected to be completed by the second half of 2024 and will strengthen the self-sufficiency of the national cement industry, while setting the basis to export in the region, reinforcing the CEMEX TCL Group's ability to serve CARICOM's growing construction needs. The ceremony also facilitated the unveiling of the Jamaica/ Friendship mural, "Re-ignited for Unity."

Mr. Gonzalez used his visit to also meet with government officials, the staff and other company executives to discuss the shared vision and plans of CEMEX in Jamaica.

## Sustainability

As the company continues to strive towards a carbon neutral future, a low-carbon high-early (HE) strength cement was recently introduced to the market. The HE strength brand, which replaces Carib Cement OPC, is a special-purpose cement for concrete applications requiring increased early strength development.

CCCL also participated in the annual staging of International Coastal Clean-up Day on September 17, which was organized by the Jamaica Environment Trust, and featured the clean-up of sections of the Palisadoes Beach located in proximity to the cement plant's Rockfort-based operation. This initiative aligns with CEMEX's commitment to the UN Sustainable Development Goals, particularly those related to climate action and green cities and communities. Likewise, these efforts form part of the CEMEX "Unite Volunteers"

to improve the quality of life and wellbeing of communities in which We will continue to maintain health and safety as the top priority

tarvis A. Lyen-Ayee Parris A. Lyew-Aye October 28, 2022

social impact programmes, which feature the handover of scholarships in support of youth and education development and the installation of concrete road solutions in communities close to the company's operations, will continue. **Financial Performance** The Group continues to report strong operating results, and for

the third quarter of 2022, a total of \$6.2 billion in revenue was generated, representing a 12.7% increase when compared with \$5.5 billion in the corresponding period of 2021. Operating earnings were \$1.9 billion, an increase of \$1.5 billion when compared to the third quarter of the prior year. This increase was primarily due to a reduction in the cost of sales as a percentage of net sales to 56% from 80% in the same period last year. This cost reduction was attributed to the company's decision not to undertake its planned major maintenance during the third quarter of this year, compared to the 2021 execution in July-August. The postponement of the planned maintenance is attributed to the excellent output of the cement kiln this year as well as the delay in the arrival of key spare parts needed to conduct the general overhaul works.

Meanwhile, the cost of imported cement and directly attributable costs in 2021 resulted in a significant increase in "Changes in inventories of finished goods and work in progress" when compared to the current period in which no major planned maintenance work was conducted. Earnings per stock unit for the quarter was \$1.42 when compared

to \$0.05 for the corresponding period in 2021. As a result of the positive performance, the Group strengthened

its free cash flow for the year by generating \$2 billion during the quarter, which allowed the company to return \$1.2 billion net of withholding taxes to shareholders through dividends. These dividends represent the first such payments in 17 years.

### Outlook Our focus will be to continue building a sustainable future

supported by our capacity expansion project and improved carbon footprint. Like most companies, we have been impacted by inflationary

pressure caused by the COVID-19 pandemic, and the wa affecting eastern Europe, resulting in higher fuel, power, and shipping costs. Notwithstanding, we will remain vigilant and continue to employ the necessary strategies to mitigate the effects of these exogenous shocks.

We are a resilient organization with access to the knowledge and expertise of CEMEX's global network and remain committed to our strategic priorities and to serving our various stakeholders CCCL's Board and Management will continue to monitor the

current situation, to ensure that our operating strategy remains programme, which features employees involved in direct activities solid and affords us the capacity to face the current global and regional challenges along with unpredictable market conditions.

> while improving and remaining agile and sensitive to the needs of our customers.

Yago Castro October 28, 2022

### J\$'000 UNAUDITED AUDITED 30.09.21 30.09.22 31.12.21 **ASSETS CURRENT ASSETS** Cash at bank and on hand 190,610 244,900 Trade accounts receivable, net 28,413 502,471 324,808 Other accounts receivable 72,267 106,794 76.781 4,532,051 3,147,372 Inventories, net 3,440,106 Accounts receivable from related parties 5 1,166,391 129,603 121,565 Other current assets 356,627 94,689 68,282 4,171,539 **Total current assets** 7,467,003 4,276,442 **NON-CURRENT ASSETS** Property, machinery and equipment, net 22,953,841 22.524.329 23,232,007 Accounts receivable from related parties 14,499 Other non-current assets Total non-current assets 22,957,116 22,538,828 23,232,007 27,508,449 TOTAL ASSETS 30,424,119 26,710,367 LIABILITIES AND STOCKHOLDERS' EQUITY **CURRENT LIABILITIES** 1,514,153 4,451,098 Other financial obligations 1.813.128 1,111,891 3,335,438 3,941,962 Trade payables Accounts payable to related parties 730,740 539,234 872,852 1,711,788 Other current liabilities 2,289,708 1,472,176 **Total current liabilities** 8,169,014 7,065,263 8,549,891 **NON-CURRENT LIABILITIES** 554,488 Long-term debt 86,662 1,180,809 Other financial obligations 1,363,616 137.234 931,002 Employee benefits obligation 1,123,716 Deferred tax liabilities 2,202,552 1,989,148 1,885,512 Other non-current liabilities 36,644 3,506,667 39,125 4,877,379 32,909 3,179,371 Total non-current liabilities TOTAL LIABILITIES 11,675,681 11,942,642 11,729,262 STOCKHOLDERS' EQUITY Share capital: Ordinary stock units 1,808,837 1,808,837 1,808,837 Capital contribution 3,839,090 3,839,090 3,839,090 Reserves Realised capital gain 1,413,661 1,413,661 1,413,661 3,574,285 8,112,565 2,665,984 3,577,892 Other equity reserves Accumulated net income 5,040,153 5,139,707 TOTAL STOCKHOLDERS' EQUITY 18,748,438 14,767,725 | 15,779,187

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

30,424,119

26,710,367 27,508,449

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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

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CONSOLIDATED STA	MEMENT		IDITED	)	AUDITED	
J\$'000			AUDITED			
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec	
	2022	2021	2022	2021	2021	
OPERATING ACTIVITIES Consolidated net income	1 210 272	43,709	4,252,289	3,134,475	4,341,632	
Adjustments for:	1,210,272	43,709	4,232,209	3,134,473	4,341,032	
Depreciation	360.802	379.081	1,086,018	1,137,571	1,515,255	
Loss on disposal of property, machinery and equipment	-	-	-		5,761	
Net (recovery) expense of impaired receivables	(193)	252	(193)	166	(26)	
Interest income Interest expense	(7,160) 48,807	(1,135) 46,322	(14,491) 110,377	(8,209) 216,659	(12,300) 267,719	
Taxation charge	517.215	291,206	1.506.948	1,077,057	1.369.795	
Decrease in rehabilitation provision	-	(13,879)	-	(13,879)	(13,879)	
Inventory write-off	559	-	559	23	184	
Inventory impairment allowance, net	525	-	934	-	60,489	
Stockholding and inventory restructuring provision (reversal) Employee benefit expenses	6,312 5,979	3.800	15,413 17,937	1,511 11.399	(4,977) 15,198	
Unwinding of discount on preference shares	99.699	58.583	301.592	174.777	376.010	
Unwinding of discount on rehabilitation provision	830	1,233	3,321	3,611	4,845	
Unwinding of discount on lease liabilities	4,429	5,673	14,654	16,857	22,321	
Unrealised foreign exchange (gains) losses, net	(18,809)	(113,393)	(27,642)	(4,336)	262,838	
Changes in working capital, excluding taxes  Net cash flows provided by operating activities before financial income and expenses, employee	(46,158)	(166,739)	(2,547,782)	(95,332)	528,018	
before financial income and expenses, employee						
Denemis and taxes	2,183,109	534,713	4,719,934	5,652,350	8,738,883	
Employee benefits paid	(9,311)	(7,676)	(28,952)	(22,368)	(31,585)	
Interest received Interest paid	7,160 (27,878)	1,135 (49,892)	14,491 (42,269)	8,209 (147,084)	12,300 (188.629)	
Taxation paid	37,291	(204,065)	(826,097)	(1,219,447)	(1,422,939)	
Net cash flows provided by operating activities	2.190.371	274,215	3.837.107	4.271.660	7.108.030	
INVESTING ACTIVITIES	2,130,371		3,007,107	4,211,000	7,100,000	
Acquisition of property, machinery and equipment	(217,099)	(465,775)	(650,033)	(665,094)	(1,686,304)	
Proceeds from disposal of property, machinery and equipment	(217,000)	(400,770)	(000,000)	(000,004)	135	
Accounts receivable from related parties	(481,992)	-	(1,087,304)	-	-	
Other non-current assets	(573)		(3,275)	-	-	
Net cash flows used in investing activities	(699,664)	(465,775)	(1,740,612)	(665,094)	(1,686,169)	
FINANCING ACTIVITIES						
Repayment of long-term debt, net	-	64,301	-	(3,878,349)	(4,442,650)	
Dividends paid	(1,167,116)	-	(1,167,116)	-	-	
Other financial obligations: Repayment of redeemable preference shares					(1,167,440)	
Repayment of lease liabilities	(23,351)	(21,964)	(66,454)	(60,453)	(1,167,440)	
Net cash flows (used in) provided by financing activities	(1,190,467)	42,337	(1,233,570)	(3,938,802)	(5,689,627)	
Increase (decrease) in cash at bank and on hand	300,240	(149,223)	862,925	(332,236)	(267,766)	
Cash conversion effect, net	10,594	31,177	3,429	9,710	(470)	
Cash at bank and on hand at beginning of period	800,420	308,656	244,900	513,136	513,136	
CASH AT BANK AND ON HAND AT END OF PERIOD	1,111,254	190,610	1,111,254	190,610	244,900	
Changes in working capital, excluding taxes:						
Trade accounts receivable, net	218,459	(182,981)	96,350	(358,532)	(183,381)	
Other current assets	(30,735)	(28,296)	(245,342)	71,884	87,003	
Inventories, net Trade payables	(578,518) 442,568	(321,108) 175,449	(1,266,670)	(743,727) 938,124	(1,125,094) 1,337,818	
Other current liabilities	(97,932)	190,197	(12,706)	(3,081)	411,672	
Changes in working capital, excluding taxes	(46,158)	(166,739)	(2,547,782)	(95,332)	528,018	

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J\$'000	UNAUDITED UNAUDITED		DITED	AUDITED	
		Nine Months Jan to Sep		Year Jan to Dec	
	Note	2022	2021	2021	
Balance as at beginning of period		15,779,187	11,531,922	11,531,922	
Net income for the period		4,252,289	3,134,475	4,341,632	
Remeasurement of employee benefits obligation, net of tax		-	-	(134,722)	
Dividend	9	(1,279,431)	-	-	
Hedge reserve		(3,607)	101,328	40,355	
Total comprehensive income for the period		2,969,251	3,235,803	4,247,265	
Balance as at end of period		18,748,438	14,767,725	15,779,187	

## NOTES:

### 1. Basis of Preparation The condensed consolidated interim financial statements are prepared in accordance with Practice Statement 2016

 1, Summary Financial Statements issued by the Institute of Chartered Accountants of Jamaica (ICAJ). Management discloses the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows. These condensed consolidated interim financial statements are derived from the unaudited consolidated interim financial statements of Caribbean Cement Company Limited and its Subsidiary (Group) as of and for the period ended September 30, 2022, which are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and the requirements of the Jamaican Companies Act.

2. Accounting Policies These condensed consolidated interim financial statements as of and for the period ended September 30, 2022, have been prepared in accordance with the accounting policies used in the audited financial statements as of and for the year ended December 31, 2021. The new and amended standards and interpretations which became effective in this

financial year, did not have a material impact on the Group's financial position or results. 3. Earnings Per Stock Unit Earnings per stock unit is computed by dividing the consolidated net income attributable to ordinary stockholders by

the weighted average number of ordinary stock units in issue during the period.

### 4. Comparative Information Where necessary, the comparative figures are reclassified to conform with the current year's presentation.

5. Accounts receivable from related parties

Accounts receivable from related parties includes a deposit investment account of J\$1.1 billion (US\$7.2 million) in CEMEX Innovation Holding Limited, which generates interest at a rate equal to the Western Asset Institutional Liquid Reserves Fund rate minus 30 basis points on a daily basis of a year of 360 days.

### 6. Operating Earnings Before Other Expenses, Net [expressed in J\$'000] The details of the line item "Operating earnings before other expenses, net" are as follows:

			AUDITED			
		Three Months Jul to Sep		Nine Months Jan to Sep		Year
						Jan to Dec
		2022	2021	2022	2021	2021
	Revenue	6,166,996	5,494,611	19,683,782	17,802,473	23,840,001
	Expenses:					
	Raw material and consumables	479,874	636,649	1,417,931	1,316,678	1,683,894
	Fuel and electricity	1,341,409	858,149	4,089,241	2,910,352	4,109,623
	Personnel remuneration and benefits	668,655	650,926	1,991,199	1,882,466	2,502,444
	Repairs and maintenance	353,699	696,372	1,057,024	1,295,725	1,484,856
	Equipment hire	284,713	303,055	966,234	904,555	1,277,774
	Cement transportation, marketing and					
	selling expenses	195,598	213,588	716,726	667,091	893,060
	Other operating expenses	280,138	218,306	788,535	703,509	1,019,885
	Depreciation	360,802	379,083	1,086,018	1,137,573	1,515,255
	Changes in inventories of finished goods					
	and work in progress	157,678	1,042,233	773,294	1,867,893	2,022,477
	Total expenses	4,122,566	4,998,361	12,886,202	12,685,842	16,509,268
	Operating earnings before other expenses, net	2,044,430	496,250	6,797,580	5,116,631	7,330,733
7.	Other Expenses, Net [expressed in J\$'000]					
	The details of the line item "Other evenesses not"	' ara aa fallay				

## The details of the line item "Other expenses, net" are as follows:

		UNAUDITED				
		Three Months Jul to Sep		Nine Months Jan to Sep		
	2022	2021	2022	2021	2021	
Manpower restructuring costs	-	-	-	61,925	102,832	
Stockholding and inventory restructuring						
provision (reversal)	6,312	-	15,413	1,511	(4,977)	
Demolition expenses		24,542	38,948	26,150	39,594	
Inventory (write-back) write-off	(579)	-	559	23	184	
Environmental costs		-	-	13,461	13,461	
Management fees	49,693	49,757	150,735	145,524	194,949	
Royalty and service fee	135,477	-	401,641	-	-	
COVID-19-related expenses	1,188	1,224	3,398	1,224	75,800	
Other (income) expense, net	(26,210)	9,954	(11,397)	27,922	22,087	
	165,881	85,477	599,297	277,740	443,930	

In March 2022, authorities removed the COVID-19 protocols from the Disaster Risk Management Act.

Company. Management believes the Group is in a sufficiently strong position to deal with the possible significant economic downturn. However, management is aware that the long duration of the pandemic and the associated containment measures could have a material adverse effect on the Group, its customers, employees and suppliers.

Management continues to review the effect of developments arising from the pandemic on the risks faced by the

At the Annual General Meeting of Caribbean Cement Company Limited (CCCL) held on July 19, 2022, the shareholders of CCCL declared a final dividend of \$1.5032 per share, which was paid on September 9, 2022, to shareholders on record as at August 4, 2022, with an ex-dividend date of August 3, 2022