

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT



UNAUDITED

30.09.23 30.09.22 31.12.22

AUDITED

AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

.1\$'000

J\$'000

Adjustments for

Parvis A. Lyen-Ayee

Parris A. Lvew-Avee, Chairman

CONDENSED CONSOL		COME ST	TEMENT		
J\$'000					
30 000	Three	********			
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
Nataa					
Notes	2023	2022	2023	2022	2022
Revenue	6,989,659	6,166,996	21,267,039	19,683,782	25,837,228
Cost of sales	(3,477,699)	(3,422,011)		(10,836,483)	(14,476,081)
Gross profit	3,511,960	2,744,985	8,497,986	8,847,299	11,361,147
Administrative expenses Selling expenses	(304,122)	(224,939) (42,280)		(694,640)	(941,870)
Distribution and logistics expenses	(53,143) (353,688)	(42,200) (433,374)		(158,023) (1,197,249)	(188,793) (1,551,818)
Recovery of impairment loss on trade accounts receivable	(333,000)	(433,374)	32	193	225
Total operating expenses	(710,783)	(700,555)	(2,097,349)	(2,049,719)	(2,682,256)
Operating earnings before other income and		(100,000)	(2,001,040)	(2,0-10,1 10)	(2,002,200)
other expenses 9	2,801,177	2.044.430	6,400,637	6,797,580	8,678,891
Other income 10	30,091		36,979	80,437	102,001
Other expenses 10	(264,014)	(165,881)	(668,540)	(679,734)	(916,549)
Operating earnings	2,567,254	1,878,549	5,769,076	6,198,283	7,864,343
Financial income	41,324	7,160	77,846	14,491	28,240
Financial expenses	(48,429)	(153,765)	(142,016)	(429,944)	(581,405)
Loss on foreign exchange	(3,199)	(4,457)	(77,758)	(23,593)	(68,311)
Earnings before taxation	2,556,950	1,727,487	5,627,148	5,759,237	7,242,867
Taxation charge CONSOLIDATED NET INCOME	(617,139)	(517,215)	<u>(1,241,700)</u> 4,385,448	(1,506,948) 4,252,289	(1,859,000) 5,383,867
Basic and diluted earnings per share	1,939,811	1,210,272	4,300,440	4,202,209	0,303,007
(expressed in \$ per share) 3	2.28	1.42	5.15	5.00	6.33
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CONDENSED CONSOLIDATED STATE	MENT OF			SIVE INCO	
J\$'000		UNAU	DITED		AUDITED
		Three Months Nine Months			Year
	Jul to	o Sep	Jan t	o Sep	Jan to Dec
	2023	2022	2023	2022	2022
CONSOLIDATED NET INCOME	1,939,811	1,210,272	4,385,448	4,252,289	5,383,867
Items that will not be reclassified subsequently to the					
income statement:					
Net actuarial gains from remeasurement of employee					
benefits obligation	-	-	-	-	270,494
Deferred tax recognised directly in other comprehensive income			-	-	(67,624)
Items that are as may be real asified autoequantly to			-		202,870
Items that are or may be reclassified subsequently to					
the income statement.					
the income statement: Effects from derivative financial instruments designated					
Effects from derivative financial instruments designated	3.082	(20.053)	(48,372)	(3.607)	(48,989)
Effects from derivative financial instruments designated as cash flow hedge	3,082	(20,053)	(48,372)	<u>(3,607)</u> (3,607)	(48,989)
Effects from derivative financial instruments designated			(48,372) (48,372) 4,337,076	(3,607) (3,607) 4,248,682	(48,989) (48,989) 5,537,748

DIRECTORS' STATEMENT

Health and Safety

Caribbean Cement Company Limited (CCCL) continued to work diligently to uphold and enhance our health and safety standards. Among the most significant activities this quarter is the improvement of our staff's proficiency in first- aid response.

This quarter also saw some employees receiving certification in scaffolding. Scaffolding is an integral part of company projects and having certified professionals in this area is crucial to maintaining a high-level of safety and quality in the operations.

These trainings and certifications not only signify the dedication of the staff to their own professional development but also in contributing significantly to the safety and integrity of our projects. Sustainability

As part of our ongoing efforts to implement our Future in Action programme, geared at reducing our carbon footprint, several key initiatives were initiated this quarter. One of our significant endeavours is the commissioning of the Ultimate Technology to Industrial Savings (UTIS) system. UTIS represents a significant step forward in our commitment to reducing carbon emissions. tep forward in our comm By harnessing the power of hydrogen and oxygen separated from water, CCCL has found an innovative way to increase its fuel substitution rate in the kiln. This technology not only enhances our operational efficiency but also significantly lowers our carbon footprint, aligning with our dedication to environmental stewardship.

In addition to technological advancements, the company took practical steps to protect the environment. We participated in International Coastal Cleanup Day; an initiative aimed at tackling marine pollution. During this event, CCCL partnered with the Ministry of Foreign Affairs and Foreign Trade and the Caribbean Maritime University, to collect a total of 837.85 kilogrammes of waste from the Palisadoes Beach Strip in East Kingston. As in previous occasions, our cement kiln was used to safely destroy all quantities of waste that were not recyclable that would have otherwise been dumped in the city's landfill.

Additionally, we launched our community garden in Bull Bay, St. Thomas. This initiative is a pivotal component of our broader biodiversity plans. Working in collaboration with the State-run entities-the National Environment and Planning Agency and the Forestry Department—we planted a variety of trees, including the iconic Jamaican Mahagony and National Flower, the Lignum Vitae tree. These efforts follow the previous planting in the garden of guava, soursop, and Java plum fruit trees. Through our community garden, we aim to create a green space that enriches our communities and promotes environmental sustainability.

Social Impact

In pursuit of our mission to foster education and support young minds, the company allocated \$2.4 million to procure 117 book vouchers as part of the back-to-school support. These vouchers were distributed to students residing in communities close to our operations

Furthermore, we continued our efforts to enhance the infrastructure of various communities through our concrete road paving solutions.

tarivis A. Lyen-Ayee Parris A. Lyew-Ayee Chairman October 27, 2023

We completed the McDonald Place community in the constituency of St. Andrew West Central to the tune of \$8 million.

Financial Performance

The Group continues to report strong operating results, and for the third quarter of 2023, a total of \$7.0 billion in revenue was generated, representing a 13.4% increase when compared with \$6.2 billion in the corresponding period of 2022. Operating earnings were \$2.6 billion, an increase of \$0.7 billion when compared to the third quarter of the prior year. The increase of perating earnings was primarily due to the increase in revenue and the continued realization of the benefits from cost containment due to improved operational efficiencies resulting in the stabilization of operational expenses arising from the first quarter investments in maintenance efforts. The "Operating earnings before other income and expenses" for the guarter was \$2.8 billion, or 37.0% higher than the \$2.0 billion reported for the corresponding quarter in 2022.

For the first nine-months of the year, the Group recorded "Earnings before taxation" of \$5.6 billion, which was lower than the \$5.8 billion reported in 2022. The "Earnings before taxation" for the quarter was \$2.6 billion representing an improvement of 48.0% over the \$1.7 billion achieved in the third quarter last year. Also contributing to the Group's positive "Earnings before taxation" is the continued effect from the decision to implement a debt and foreign exposure reduction initiative.

The overall "Consolidated net income" of \$1.9 billion for the third quarter was higher than the corresponding period in 2022 by \$0.7 billion. "Earnings per share" for the guarter was \$2.28, an increase of \$0.86 when compared to the \$1.42 for the corresponding period in 2022.

In relation to the cash flows. "Net cash provided by operating activities" was \$5.7 billion for the nine-month period and \$2.4 billion for the quarter. The cash flow generation during the quarter and the available cash at the beginning of the period have allowed the Group to invest \$4.0 billion during the nine-months of the year and \$2.0 billion during the second guarter

Outlook

Caribbean Cement Company Limited's implementation of its requisite business strategies has been paying dividends as the company continues with expansion and the achievement of significant milestones. This has led to the organisation being awarded the Best Manufacturing Company Listed on the Main Market of the Jamaica Stock Exchange in the Jamaica Manufacturers and Exporters Association's M&E Awards. It also included the company's ability to adequately supply the local market, having enough spare capacity to export 3,500 metric tonnes of high-early strength cement to the Turks and Caicos Islands.

In the next quarter, the company expects to build on its current achievements and to maximize its performance as it remains optimistic about its future. The company will also continue to undertake its flagship social impact initiatives of installing concrete pavements in certain communities across the island



Recovery of impairment loss on trade accounts receivable Interest income 19,441 48,807 Interest expense 617,139 Taxation charge 517.215 Property, machinery and equipment write-off Increase in rehabilitation provision Inventory write-off 75,678 559

(Decrease) increase in stockholding and inventory restructuring provision Employee benefit expenses

Unwinding of discount on rehabilitation provision

Unrealised foreign exchange losses (gains), net

Net cash flow provided by operating activities before employee benefits paid, interest received, interest paid and taxation paid Employee benefits paid Interest received

Interest paid Taxation paid Net cash flows provided by operating activities **INVESTING ACTIVITIES** Property, machinery and equipment, net

Accounts receivable from related parties Other non-current assets

FINANCING ACTIVITIES

Other financial obligations Repayment of redeemable preference shares

Dividends paid Repayment of lease liabilities, net

Net cash flows used in financing activities (Decrease) increase in cash at bank and on hand Cash conversion effect, net

Cash at bank and on hand at beginning of period CASH AT BANK AND ON HAND AT END OF PERIOD Changes in working capital, excluding taxes:

Trade accounts receivable, net Other current assets Inventories

Changes in working capital, excluding taxes

Trade payables

Other current liabilities

CURRENT ASSETS			
Cash at bank and on hand	638,689	1,111,254	574,457
Trade accounts receivable, net	484,143	228,413	261,020
Other accounts receivable	411,954	72,267	389,791
Inventories, net	4,675,597	4,532,051	5,477,769
Accounts receivable from related parties 5	4,116,132	1,166,391	83,105
Other current assets	343,819	356,627	311,199
Total current assets	10,670,334	7,467,003	7,097,341
NON-CURRENT ASSETS			
Property, machinery and equipment, net	22,914,965	22,953,841	23,038,419
Other non-current assets		3,275	
Total non-current assets	22,914,965	22,957,116	23,038,419
TOTAL ASSETS	33,585,299	30,424,119	30,135,760
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations	93,171	1,813,128	57,876
Trade payables	3,328,882	3,335,438	3,306,357
Accounts payable to related parties 8	1,564,257	730,740	612,182
Other current liabilities	2,157,478	2,289,708	2,125,142
Total current liabilities	7,143,788	8,169,014	6,101,557
NON-CURRENT LIABILITIES			
Long-term debt	-	-	608,208
Other financial obligations	135,543	86,662	77,954
Employee benefits obligation	993,728	1,180,809	927,461
Deferred tax liabilities	2,451,176	2,202,552	2,298,026
Other non-current liabilities	100,510	36,644	83,916
Total non-current liabilities	3,680,957	3,506,667	3,995,565
TOTAL LIABILITIES	10,824,745	11,675,681	10,097,122
SHAREHOLDERS' EQUITY			
Share capital:			
Ordinary shares	1,808,837	1,808,837	1,808,837
Capital contribution	3,840,224	3,839,090	3,840,224
Reserves:			
Realised capital gain	1,413,661	1,413,661	1,413,661
Other equity reserves	5,029,388	3,574,285	5,077,760
Accumulated net income	10,668,444	8,112,565	7,898,156
TOTAL SHAREHOLDERS' EQUITY	22,760,554	18,748,438	20,038,638
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	33,585,299	30,424,119	30,135,760

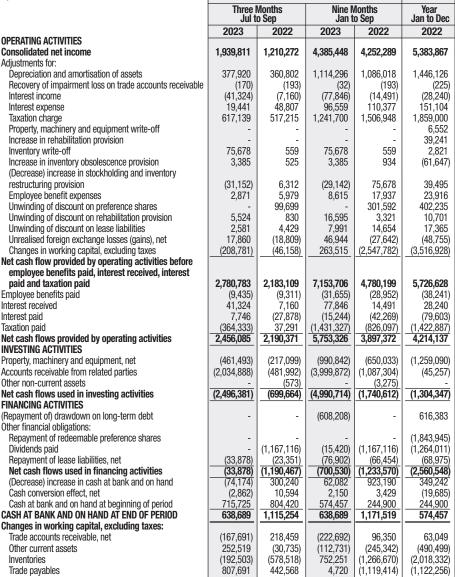
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Approved and authorised for issue by the Board of Directors on October 27, 2023 and signed on its behalf by:

Yago Castro, Director

CONSOLIDATED STATEMENT OF CASH FLOWS

UNAUDITED



(908.797)

(208, 781)

(158,033)

263,515

(12.706)

(2,547,782)

51,110

(3,516,928)

(97.932)

(46,158)



CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT



FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

J\$'000		UNAUDITED Nine Months		AUDITED Year
	Note	Jan to Sep 2023 2022		Jan to Dec 2022
	NOLC			
Balance as at beginning of period		20,038,638	15,779,187	15,779,187
Net income for the period		4,385,448	4,252,289	5,383,867
Remeasurement of employee benefits obligation, net of tax		-	-	202,870
Hedge reserve		(48,372)	(3,607)	(48,989)
Total comprehensive income for the period		4,337,076	4,248,682	5,537,748
Transaction with owners:				
Dividends	8	(1,615,160)	-	(1,279,431)
Share-based compensation		-	-	1,134
		(1,615,160)	-	(1,278,297)
Balance as at end of period		22,760,554	20,027,869	20,038,638

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 other comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows. These condensed consolidated financial statements are derived from the unaudited condensed consolidated interim financial statements of Caribbean Cement Company Limited and its Subsidiary ("the Group") as of and for the period ended September 30, 2023, 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 financial statements as of and for the period ended September 30, 2023, have been prepared in accordance with the accounting policies used in the audited financial statements as of and for the year ended December 31, 2022. Any new accounting standards amendments or interpretations which became effective in this financial year, were adjusted on the Group's financial position or results.

3. Basic and diluted earnings per share

Basic and diluted earnings per share is computed by dividing the consolidated net income attributable to ordinary shareholders by the weighted average number of ordinary shares 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\$4.0 billion (US\$26.0 million) in CEMEX Innovation Holding Limited, which generates interest at a rate equal to the Western Asset Institutional Liquid Reserves Fund rate plus 30 basis points on a daily basis of a year of 360 days. This is a highly liquid investment as cash which can be withdrawn at any time.

6. Total cost of sales and operating expenses

During the nine-month period ending September 30, 2023, the Company undertook the planned major maintenance of its major production equipment in January and February 2023. In this period, the Company incurred higher costs due to 1) excess inventory items consumed in "Raw material and consumables", 2) additional hired manpower in "Personnel remuneration and benefits", 3) general higher maintenance cost in "Repairs and maintenance" and 4) higher "Changes in inventories of finished goods and work in progress".

7. Impact of Ukraine/Russia conflict

On February 24, 2022, the geopolitical situation in Eastern Europe intensified with the invasion of Ukraine by Russia. The war continues to evolve as global sanctions were imposed, immediately impacting entities that have counter-party relationships in Russia and certain neighbouring countries. In addition, the war impacted global financial markets, which exacerbated that already existed as a result of the global pandemic, including issues such as supply chain disruptions and rising inflation.

The Group has concluded that given the composition of our statement of financial position, its exposure to the negative impacts of these risks is not significant to its profitability and going concern. However, through its risk management function, the Group continuously assesses the impact of such risks and has an established series of early warning indicators through various risk metric to ensure that liquidity and capital positions are in place to sufficiently support the operations of the Group. There were no material changes in valuations or impairment positions as at September 30, 2023.

8. Dividends

At the Annual General Meeting of Caribbean Cement Company Limited (CCCL) held on September ,8 2023, the shareholders of CCCL declared a final dividend of \$1.8976 per share, which was paid on October 6, 2023, to shareholders on record as at August 24, 2023, with an ex-dividend date of August 23, 2023. Included in "Accounts payable to related parties" is dividend payable to Parent Company amounting to J\$1.1 billion.

9. Operating earnings before other income and other expenses [expressed in J\$'000]

"Operating earnings before other income and other expenses" by nature is as follows:

	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2023	2022	2023	2022	2022
Revenue	6,989,659	6,166,996	21,267,039	19,683,782	25,837,228
Expenses:					
Raw material and consumables	684,416	479,874	2,502,314	1,417,931	1,830,926
Fuel and electricity	1,394,046	1,341,409	3,790,453	4,089,241	5,616,001
Personnel remuneration and benefits	670,247	668,655	2,106,955	1,991,199	2,637,763
Repairs and maintenance	380,672	353,699	1,573,828	1,057,024	1,408,704
Equipment hire	548,967	284,713	1,465,414	966,234	1,448,377
Cement transportation, marketing and selling expenses	160,290	195,598	676,605	716,726	933,522
Other operating expenses	323,393	280,138	912,458	788,535	1,090,381
Depreciation, impairment and amortisation	377,920	360,802	1,114,296	1,086,018	1,446,126
Changes in inventories of finished goods and work					
in progress	(351,469)	157,678	724,079	773,294	746,537
Total cost of sales and operating expenses	4,188,482	4,122,566	14,866,402	12,886,202	17,158,337
Operating earnings before othe income and other expenses	2,801,177	2,044,430	6,400,637	6,797,580	8,678,891

10. Other income and other expenses [expressed in J\$'000]

"Other income and other expenses" by nature is as follows:

	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2023	2022	2023	2022	2022
Other income:					
Insurance claim recovery	949	-	2,182	-	80,437
Decrease in stockholding and inventory					
restructuring provision	29,142	-	29,142	-	-
Other	-	-	5,655	6,919	21,564
Total other income	30,091	-	36,979	80,437	102,001
Other expenses:					
Manpower restructuring costs	-	-	-	-	2,557
Increase in stockholding and inventory restructuring					
provision	(2,010)	6,312	-	15,413	39,495
Demolition expenses	-	-	-	38,948	42,591
Inventory write-off	75,678	(579)	75,678	559	2,821
Management fees	57,206	49,693	158,974	150,735	200,656
Royalty and service fees	125,539	135,477	391,544	401,641	474,529
Property, machinery and equipment write-off	-	-	-	-	6,552
Non-recoverable GCT expenses write-off	-	-	-	-	119,553
COVID-19-related expenses	-	1,188	-	3,398	4,982
Other	7,601	(26,210)	42,344	69,040	22,813
Total other expenses	264,014	165,881	668,540	679,734	916,549
Total other income and other expenses	233,923	165,881	631,561	599,297	814,548