



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2023



CONDENSED CONSOLIDATED INCOME STATEMENT

TT \$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
Revenue	554,690	529,386	2,061,227
Cost of sales	(451,391)	(343,422)	(1,379,886)
Gross profit	103,299	185,964	681,341
Administrative expenses	(33,173)	(31,707)	(128,024)
Selling expenses	(5,158)	(4,038)	(15,943)
Distribution and logistics expenses	(34,398)	(39,334)	(151,014)
Operating earnings before other expenses and other income and credits	30,570	110,885	386,360
Other expenses	(18,849)	(13,551)	(189,600)
Other income and credits	450	203	16,017
Operating earnings	12,171	97,537	212,777
Financial expense	(17,924)	(11,370)	(44,238)
Financial income	332	16	1,278
(Loss) earnings before taxation	(5,421)	86,183	169,817
Taxation credit (charge)	3,734	(28,166)	(112,012)
NET (LOSS) INCOME	(1,687)	58,017	57,805
Non-controlling interest	(3,367)	(18,974)	(71,969)
CONTROLLING INTEREST	(5,054)	39,043	(14,164)
Basic and diluted (loss) earnings per share - cents (Note 3):	(1.4)	10.5	(3.8)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT \$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
NET (LOSS) INCOME	(1,687)	58,017	57,805
Items that will not be reclassified subsequently to the income statement			
Net actuarial losses from remeasurements of employee benefit plans	-	-	(84,235)
Taxation recognised directly in other comprehensive income	-	-	20,896
	-	-	(63,339)
Items that are or may be reclassified subsequently to the income statement			
Effects from derivative financial instruments designated as cash flow hedges	(3,382)	2,326	(2,281)
Currency translation results of foreign subsidiaries	21,457	(1,350)	11,889
	18,075	976	9,608
Total items of other comprehensive income (loss), net	18,075	976	(53,731)
TOTAL COMPREHENSIVE INCOME	16,388	58,993	4,074
Non-controlling interest	4,308	20,523	72,266
Controlling interest	12,080	38,470	(68,192)
TOTAL COMPREHENSIVE INCOME	16,388	58,993	4,074

DIRECTORS' STATEMENT

Health and Safety

The prevention of workplace incidents and the wellbeing of our employees are an integral part of our business, and values to which we assign the highest priority.

Our ongoing safety training and development platforms, rigid enforcement, and monitoring are aimed at reducing risks, helping to ensure a safe work environment for all our employees, contractors, and visitors.

We are pleased to report that during the first four months of the year, there were no safety incidents recorded across all our operations.

Sustainability

The TCL Group is committed to climate action and to building a stronger and more sustainable future for our Caribbean communities. With this purpose, we continue to seek opportunities to support sustainability programmes which complement our existing CO₂ reduction roadmap. During the quarter, TCL signed an MoU with the Trinidad and Tobago Solid Waste Management Co. Ltd. (SWMCOL) to explore the utilisation of waste oil and tyre-derived fuels in our cement manufacturing process, among others capable of delivering numerous environmental and economic benefits for the country. In Jamaica, CCCL continued to partner with key state-run entities responsible for environmental management such as the National Environment and Planning Agency and the National Solid Waste Management Authority in furtherance of achieving a net zero operation.

Financial Performance

The TCL Group earned revenue of \$555 million in its first quarter of 2023, representing 5% growth when compared to the corresponding period in 2022. The increase in revenue was driven by the effect of the price increases implemented last year to cope with the extraordinary escalation of input costs, offset by lower domestic cement volumes in Jamaica, and lower export volumes in Trinidad & Tobago.

The "operating earnings before other income and expenses" for the period were \$31 million, while "operating earnings" after other expenses were \$12 million, representing decreases of 72% and 87% respectively, when compared to the first quarter of the previous year. These reductions in

earnings were attributable to lower cement volumes and higher cost of sales related to planned major maintenance in Jamaica, which was postponed from the third quarter of 2022 to the first quarter of this year, and planned cement mill maintenance in Trinidad & Tobago. These specific maintenance outages are not recurrent throughout the rest of the year.

In the first quarter of 2023, the TCL Group reported a net loss of \$2 million compared to a net income of \$58 million in the same quarter of 2022. This decrease was mainly due to lower operating results in Jamaica.

On March 13, 2023, a change in the operating model of Arawak Cement Company Limited ("ACCL") in Barbados was reported to the Trinidad and Tobago Securities and Exchange Commission (TTSEC). In the interest of its continued viability, ACCL has suspended its clinker production to focus on the grinding of clinker and the bagging of cement. This decision came after months of critical evaluation and weeks of consultation with the representative trade unions, in adherence to proper procedures and within a climate of mutual respect and cooperation. As reported earlier, all provisions for the restructuring expenses associated with this change in operating model were recorded during the last quarter in 2022.

ACCL will continue to supply cement to meet the demand of the Barbados market. As a key socio-economic contributor to Barbados since 1981, Arawak Cement and its parent company, TCL remain fully committed to the development of the Barbados economy.

Outlook

The Board and Management continue to closely watch the situation to ensure that there is a solid strategy to face the current economic challenges and circumstances. Markets continue to show resilience in cement volumes despite an expected slowdown due to inflation. As a company, we will continue to focus on the variables that we control, implementing the necessary measures to mitigate risks related to cost inflation. Notwithstanding the uncertainty, we are encouraged by the potential for a satisfactory performance in 2023.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT \$'000	UNAUDITED		AUDITED
	31.03.23	31.03.22	31.12.22
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	100,760	98,792	87,004
Trade accounts receivable, net	51,839	72,017	49,248
Other accounts receivable	130,276	52,852	73,998
Taxation recoverable	19,334	2,086	2,201
Inventories, net	339,489	318,544	417,358
Total current assets	641,698	544,291	629,809
NON-CURRENT ASSETS			
Investments	1	1	1
Property, machinery and equipment, net	1,579,362	1,629,551	1,591,163
Deferred taxation assets	100,196	129,042	102,479
Employee benefits	47,948	133,933	33,847
Total non-current assets	1,727,507	1,892,527	1,727,490
TOTAL ASSETS	2,369,205	2,436,818	2,357,299
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Other financial obligations	9,160	6,854	7,501
Trade payables	283,461	306,124	278,518
Taxation payable	14,460	12,089	33,205
Provisions	28,516	27,523	57,991
Other current liabilities	289,101	230,147	261,412
Total current liabilities	624,698	582,737	638,627
NON-CURRENT LIABILITIES			
Long-term debt	452,485	466,823	437,130
Other financial obligations	13,876	17,601	15,325
Employee benefits	182,989	197,645	180,390
Deferred taxation liabilities	199,296	219,325	204,925
Other non-current liabilities	4,380	1,503	5,809
Total non-current liabilities	853,026	902,897	843,579
TOTAL LIABILITIES	1,477,724	1,485,634	1,482,206
SHAREHOLDERS' EQUITY			
Controlling interest:			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,019)	(20,019)
Other equity reserves	(296,754)	(325,800)	(313,888)
Retained earnings	205,444	283,984	219,608
Net (loss) income	(5,054)	39,043	(14,164)
Total controlling interest	711,349	804,940	699,269
Non-controlling interest	180,132	146,244	175,824
TOTAL SHAREHOLDERS' EQUITY	891,481	951,184	875,093
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,369,205	2,436,818	2,357,299

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TT \$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2023	2022	2022
OPERATING ACTIVITIES			
Net (loss) income	(1,687)	58,017	57,805
Non-cash items:			
Depreciation and amortisation of property, machinery and equipment	28,145	30,690	135,492
Financial expense, net	17,592	11,354	42,960
Pension plan and other post-retirement benefit	4,187	4,144	12,832
Write-off of property, machinery and equipment	-	-	57,015
Restructuring cost	-	-	77,324
Taxation (credit) charge	(3,734)	28,166	112,012
Changes in working capital, excluding taxation	16,445	(95,643)	(226,397)
Cash generated from operating activities before financial expense, taxation and post-employment benefits paid	60,948	36,728	269,043
Financial expense paid	(5,470)	(2,393)	(29,188)
Taxation paid	(38,034)	(27,023)	(71,086)
Pension plan contributions and other post-retirement benefit paid	(3,863)	(3,562)	(15,256)
Net cash flows from operating activities	13,581	3,750	153,513
INVESTING ACTIVITIES			
Purchase of property, machinery and equipment	(13,561)	(10,544)	(112,562)
Net cash flows used in investing activities	(13,561)	(10,544)	(112,562)
FINANCING ACTIVITIES			
Proceeds from debt	42,683	39,295	148,656
Repayment of debt	(27,100)	(6,868)	(158,074)
Other financial obligations	(2,315)	(1,688)	(6,911)
Dividends paid	-	-	(14,671)
Financial income received	332	16	1,278
Net cash flows from (used in) financing activities	13,600	30,755	(29,722)
Increase in cash and cash equivalents	13,620	23,961	11,229
Cash conversion effect, net	136	(824)	120
Cash and cash equivalents at beginning of period	87,004	75,655	75,655
CASH AND CASH EQUIVALENTS AT END OF PERIOD	100,760	98,792	87,004
Changes in working capital, excluding taxation:			
Trade accounts receivable, net	(2,515)	(10,490)	685
Other accounts receivable	(44,727)	(1,346)	(31,279)
Inventories, net	78,653	6,242	(135,555)
Trade payables	3,896	(50,493)	(66,475)
Other current and non-current liabilities	(18,862)	(39,556)	6,227
Changes in working capital, excluding taxation	16,445	(95,643)	(226,397)

David G. Inglefield
Chairman
May 11, 2023

Francisco Aguilera Mendoza
Managing Director
May 11, 2023



CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2023



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

TT \$'000	CONTROLLING INTEREST			NON-CONTROLLING INTEREST		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to Mar		Jan to Dec	Jan to Mar		Jan to Dec
	2023	2022	2022	2023	2022	2022
Balance at beginning of period	699,269	766,470	766,470	175,824	125,721	125,721
Net (loss) income	(5,054)	39,043	(14,164)	3,367	18,974	71,969
Total items of other comprehensive income (loss), net	17,134	(573)	(54,028)	941	1,549	297
Dividends	-	-	-	-	-	(14,671)
Acquisition of non-controlling interest without change of control	-	-	991	-	-	(7,492)
Balance at end of period	711,349	804,940	699,269	180,132	146,244	175,824

NOTES:

1. Basis of Preparation

These condensed consolidated financial statements are prepared in accordance with established criteria developed by management and disclose the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in shareholders' equity and condensed consolidated statement of cash flows.

2. Accounting Policies

These condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 of the December 31, 2022 audited consolidated financial statements consistently applied from period to period. The TCL Group has adopted all the new and revised accounting standards that are mandatory for annual accounting periods on or after January 1, 2023 and which are relevant to the TCL Group's operations.

3. Earnings Per Share

Earnings per share (EPS) is calculated by dividing the net income or loss attributable to the controlling interest by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares in issue for the period has been determined by deducting from the total number of issued shares of 374.648M, the weighted average of 2.845M shares that were held as unallocated shares by the Employee Share Ownership Plan (ESOP).

4. Cost of Sales, Operating and Other Expenses and Other Income and Credits

Cost of sales represents the production cost of inventories at the moment of sale. Cost of sales includes depreciation, amortisation and depletion of assets involved in production, expenses related to storage in production plants and freight expenses of raw material in plants and delivery expenses of the TCL Group's readymix concrete business.

Operating expenses comprise administrative, selling, distribution and logistics expenses. Administrative expenses represent expenses related to managerial activities and back office for the TCL Group's management. Distribution and logistics expenses refer to expenses of storage at points of sale, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities.

Other expenses and other income and credits consist primarily of income and expenses not directly related to the TCL Group's main activities, or which are of an unusual and/or non-recurring nature, including royalties, past service cost of pension and post-retirement employee benefits, write-off of property, machinery and equipment, results on disposal of property, machinery and equipment and restructuring costs, among others.

SEGMENT INFORMATION

TT \$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED THREE MONTHS JAN TO MAR 2023					
Revenue					
Total	580,776	8,874	1,557	-	591,207
Inter-segment	(34,759)	(365)	(1,393)	-	(36,517)
Third party	546,017	8,509	164	-	554,690
Loss before taxation	(4,625)	(523)	(273)	-	(5,421)
Depreciation	26,008	2,095	42	-	28,145
Segment assets	3,345,939	121,554	91,699	(1,189,987)	2,369,205
Segment liabilities	2,421,222	44,865	2,331	(990,694)	1,477,724
Capital expenditure	13,448	113	-	-	13,561
UNAUDITED THREE MONTHS JAN TO MAR 2022					
Revenue					
Total	577,499	16,446	7,297	-	601,242
Inter-segment	(64,686)	(597)	(6,573)	-	(71,856)
Third party	512,813	15,849	724	-	529,386
Earnings (loss) before taxation	84,819	1,546	(182)	-	86,183
Depreciation	28,635	1,937	118	-	30,690
Segment assets	3,328,860	133,784	70,074	(1,095,900)	2,436,818
Segment liabilities	2,304,795	46,135	11,279	(876,575)	1,485,634
Capital expenditure	10,544	-	-	-	10,544
AUDITED YEAR JAN TO DEC 2022					
Revenue					
Total	2,220,832	54,495	28,292	-	2,303,619
Inter-segment	(206,950)	(3,841)	(31,601)	-	(242,392)
Third party	2,013,882	50,654	(3,309)	-	2,061,227
Earnings before taxation	159,312	3,560	6,945	-	169,817
Depreciation	126,597	8,462	433	-	135,492
Write-off of property, machinery and equipment	57,015	-	-	-	57,015
Segment assets	3,372,241	125,003	97,559	(1,237,504)	2,357,299
Segment liabilities	2,460,136	46,718	7,933	(1,032,581)	1,482,206
Capital expenditure	112,609	2,684	-	-	115,293