TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2021	2020	2021	2020	2020
Revenue	467,313	483,258	1,406,243	1,258,809	1,692,150
Cost of sales	(375,440)	(326,380)	(1,015,629)	(863,799)	(1,160,909)
Gross profit	**91,873**	**156,878**	**390,614**	**395,010**	**531,241**
Operating expenses	(72,208)	(58,623)	(189,207)	(175,952)	(241,895)
Impairment of trade accounts receivable	(117)	269	(521)	611	926
Operating earnings before other expenses, net	**19,548**	**98,524**	**200,886**	**219,669**	**290,272**
Other expenses, net	(7,546)	(2,943)	(19,219)	(13,684)	(74,354)
Operating earnings	**12,002**	**95,581**	**181,667**	**205,985**	**215,918**
Financial expense	(15,018)	(30,624)	(60,172)	(94,676)	(122,086)
Financial income and other items, net	(7)	30	8	44	62
(Loss) earnings before taxation	**(3,023)**	**64,987**	**121,503**	**111,353**	**93,894**
Taxation charge	(20,201)	(26,514)	(60,919)	(62,445)	(78,675)
NET (LOSS) INCOME	**(23,224)**	**38,473**	**60,584**	**48,908**	**15,219**
Non-controlling interest	304	(15,721)	(32,988)	(28,877)	(39,398)
CONTROLLING INTEREST	**(22,920)**	**22,752**	**27,596**	**20,031**	**(24,179)**
Basic and diluted earnings (loss) per share - cents (Note 3):	**(6.2)**	**6.1**	**7.4**	**5.4**	**(6.5)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2021	2020	2021	2020	2020
NET (LOSS) INCOME	**(23,224)**	**38,473**	**60,584**	**48,908**	**15,219**
Items that will not be reclassified subsequently to the income statement					
Net actuarial losses from remeasurements of employee benefit plans	-	-	-	-	(57,518)
Taxation recognised directly in other comprehensive income	-	-	-	-	16,990
	-	-	-	-	(40,528)
Items that are or may be reclassified subsequently to the income statement					
Effects from derivative financial instruments designated as cash flow hedges	2,708	1,660	3,863	1,568	1,008
Currency translation results of foreign subsidiaries	8,012	(3,502)	(9,252)	(31,159)	(24,457)
	10,720	(1,842)	(5,389)	(29,591)	(23,449)
Total items of other comprehensive income, net	10,720	(1,842)	(5,389)	(29,591)	(63,977)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(12,504)**	**36,631**	**55,195**	**19,317**	**(48,758)**
Non-controlling interest	(1,788)	(15,435)	(29,252)	(20,820)	(30,367)
CONTROLLING INTEREST	**(14,292)**	**21,196**	**25,943**	**(1,503)**	**(79,125)**

DIRECTORS' STATEMENT

Health and Safety and COVID-19

Health and Safety (H&S) continues to be the top priority of the TCL Group. The ongoing challenges of the COVID-19 pandemic underscore the importance and relevance of keeping H&S at the forefront of our operations. The roll out of vaccines has encouraged some regional countries to relax COVID-19 restrictions to varying extents. Noticeable among the adjustments are the resumption of international travel, in-classroom sessions at schools and in-house dining at restaurants. At this time the Group has not modified any of our COVID-19 protocols, nor do we envision any short-term change in their application. This means that all our plants, distribution centres, and offices will continue to enforce all applicable protocols. All employees are expected to follow these protocols both inside and outside our premises. To date, of our employees, 91.6% in Trinidad and Tobago, 30.8% in Jamaica, 78.8% in Barbados and 90.5% in Guyana are vaccinated against COVID-19. Additionally, during the third quarter, the Group ramped up its vaccination drive in Jamaica, participating in the Private Sector Vaccine Initiative in an effort to protect our stakeholders from the COVID-19 virus. The Group continues to conduct regular training sessions and to provide constant reminders and warnings concerning COVID-19 protocols to employees and other stakeholders.

Corporate Social Responsibility

Climate change is one of the biggest global challenges, and the TCL Group will continue to incorporate the "green agenda" as a fundamental component of our business strategy. The Group is therefore committed to vigorously pursue sustainable practices that will contribute to our communities and to deliver value to our stakeholders. On a year-to-date basis, the Group has surpassed its targeted use of alternative fuels in Jamaica and has also succeeded in reducing CO_2 emission rates in Jamaica and Trinidad and Tobago during this year compared to the prior year.

Financial Performance

The TCL Group recorded consolidated revenue from continuing operations of $467 million during the third quarter of 2021, representing a 3% decrease when compared to the third quarter of 2020. Revenue for the quarter was mainly impacted by reduced cement sales attributable to adverse weather in Jamaica. On a year-to-date basis, the TCL Group recorded consolidated revenue from continuing operations of $1.4 billion, 12% higher than the same period in 2020. This increase across the region reflects a reduced 2020 comparable base as a result of the impact of the COVID-19 government restrictions in our markets, particularly in Guyana, Trinidad and Tobago and Barbados. The Group's adjusted EBITDA of $50.8 million in the third quarter of 2021 reflected a decrease of 62% compared to the same period of the previous year. This quarter's result reflects the impact of reduced revenue and the implementation of planned maintenance. The Group's adjusted EBITDA for the first nine months of 2021 was $295.9 million, 10% less than the same period during the prior year. This decrease incorporates the cumulative cost of maintenance programs effected during 2021 which exceeded overall revenue increases.

In the third quarter of 2021 the TCL Group reported a net loss of $23.2 million, compared to a net income of $38.4 million in the same quarter in 2020. This decrease was mainly driven by decreased revenues coupled with increased costs arising out of maintenance activities conducted during the quarter. Financial expenses and exchange losses decreased by $15.6 million arising from the repayment of US$-denominated borrowings in Jamaica. On a year-to-date basis, the Group reported a net income of $60.6 million, a 24% increase over the prior year. This increase resulted from a 36% reduction in financial expenses which exceeded reductions in operating earnings.

During the third quarter of 2021, the Group generated $80 million in cash from continuing operations, a 52.5% reduction from the prior year period. This reduction is a direct result of the lower adjusted EBITDA. The Group also invested $31 million during the quarter under review in critical capital expenditure and made net repayments of $27 million towards our long-term debt. During the quarter, the Group successfully refinanced the $270 million in TT$-denominated current debt, effectively deferring its maturity to 2023. On a year-to-date basis, the Group generated $183 million in cash from continuing operations, a 37.4% reduction compared to the prior year. This reduction resulted from lower adjusted EBITDA, increased inventory balances held and increased taxation paid. On a year-to-date basis, the Group reduced its debt through by net repayments of $115.6 million.

Outlook

Based on the financial results to date and assessment of market demand, our outlook remains cautiously optimistic for the rest of the year. We remain concerned that the persistence of relatively high COVID-19 infection rates, the emergence of new variants and resulting government-mandated restrictions may further negatively impact the TCL Group's financial results. The outlook for the business will depend on the rate of vaccination, the achievement of the thus far elusive goal of 'herd immunity', the emergence of new waves of infection and the extent of government restrictions in response. Additionally, we are paying close attention to the inflation of coal, fuel and energy, and shipping costs, that have the potential to reduce our margins in export markets also and impact our financial results.

We are also eagerly awaiting the expected resumption of public works and infrastructure expenditures, and of course the retail segment's historical resilience that has driven the demand for our products in the last couple of months. Management and the Board continue to develop strategies and plans to address possible demand scenarios and respond to the ongoing pandemic.

David G. Inglefield
Chairman
October 27, 2021

Francisco Aguilera Mendoza
Managing Director
October 27, 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

TT$'000	CONTROLLING INTEREST			NON-CONTROLLING INTEREST		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Nine Months Jan to Sep		Year Jan to Dec	Nine Months Jan to Sep		Year Jan to Dec
	2021	2020	2020	2021	2020	2020
Balance at beginning of period	**567,947**	**647,072**	**647,072**	**90,325**	**59,958**	**59,958**
Net income (loss)	27,596	20,031	(24,179)	32,988	28,877	39,398
Total other items of comprehensive income, net	(1,653)	(21,534)	(54,946)	(3,736)	(8,057)	(9,031)
Balance at end of period	**593,890**	**645,569**	**567,947**	**119,577**	**80,778**	**90,325**

SEGMENT INFORMATION

TT$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED NINE MONTHS JAN TO SEP 2021					
Revenue					
Total	1,502,488	49,428	31,312	-	1,583,228
Intersegment	(146,762)	(2,920)	(27,303)	-	(176,985)
Third party	1,355,726	46,508	4,009	-	1,406,243
Earnings (loss) before taxation	129,672	6,676	(14,845)	-	121,503
Depreciation	89,905	4,681	477	(1)	95,062
Segment assets	3,138,175	124,726	75,335	(1,043,410)	2,294,826
Segment liabilities	2,336,225	48,158	32,458	(835,482)	1,581,359
Capital expenditure	63,962	3,641	-	-	67,603
UNAUDITED NINE MONTHS JAN TO SEP 2020					
Revenue					
Total	1,362,900	49,112	70,160	-	1,482,172
Intersegment	(154,520)	(2,646)	(66,197)	-	(223,363)
Third Party	1,208,380	46,466	3,963	-	1,258,809
Earnings before taxation	99,905	7,957	3,491	-	111,353
Depreciation	102,243	5,469	1,586	-	109,298
Segment assets	3,053,063	107,953	102,590	(959,485)	2,304,121
Segment liabilities	2,254,248	47,933	31,200	(755,607)	1,577,774
Capital expenditure	43,962	1,361	55	-	45,378
AUDITED YEAR JAN TO DEC 2020					
Revenue					
Total	1,841,584	69,411	86,574	-	1,997,569
Intersegment	(220,540)	(3,373)	(81,506)	-	(305,419)
Third Party	1,621,044	66,038	5,068	-	1,692,150
Earnings (loss) before taxation	86,995	9,897	(2,998)	-	93,894
Depreciation	138,463	7,257	4,267	-	149,987
Segment assets	3,087,142	126,047	95,367	(984,316)	2,324,240
Segment liabilities	2,362,648	53,113	32,636	(782,429)	1,665,968
Capital expenditure	109,561	4,273	261	-	114,095

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED		AUDITED
	30.09.21	30.09.20	31.12.20
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	84,239	91,100	88,305
Trade accounts receivable, net	66,274	66,919	56,832
Other accounts receivable	49,931	48,414	44,440
Taxation recoverable	3,237	4,590	4,451
Inventories, net	288,198	234,870	240,452
Total current assets	**491,879**	**445,893**	**434,480**
NON-CURRENT ASSETS			
Investments	1	1	1
Property, machinery and equipment, net	1,627,918	1,686,385	1,703,078
Deferred taxation assets	122,279	123,130	132,183
Employee benefits	51,243	48,350	54,424
Other accounts receivable	1,506	362	74
Total non-current assets	**1,802,947**	**1,858,228**	**1,889,760**
TOTAL ASSETS	**2,294,826**	**2,304,121**	**2,324,240**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term debt	-	433,132	400,887
Other financial obligations	6,742	5,854	7,151
Trade payables	319,724	255,194	240,192
Taxation payable	9,581	23,127	29,093
Other current liabilities	253,798	243,579	308,316
Total current liabilities	**589,845**	**960,886**	**985,639**
NON-CURRENT LIABILITIES			
Long-term debt	513,471	211,765	211,756
Other financial obligations	18,943	19,040	21,431
Employee benefits	249,372	179,828	242,863
Deferred taxation liabilities	207,928	203,883	201,890
Other non-current liabilities	1,800	2,372	2,389
Total non-current liabilities	**991,514**	**616,888**	**680,329**
TOTAL LIABILITIES	**1,581,359**	**1,577,774**	**1,665,968**
SHAREHOLDERS' EQUITY			
Controlling interest:			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,019)	(20,019)
Other equity reserves	(306,973)	(313,472)	(305,320)
Retained earnings	65,554	131,297	89,733
Net income (loss)	27,596	20,031	(24,179)
Total controlling interest	**593,890**	**645,569**	**567,947**
Non-controlling interest	119,577	80,778	90,325
TOTAL SHAREHOLDERS' EQUITY	**713,467**	**726,347**	**658,272**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,294,826**	**2,304,121**	**2,324,240**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED				AUDITED
	Three Months Jul to Sep		Nine Months Jan to Sep		Year Jan to Dec
	2021	2020	2021	2020	2020
OPERATING ACTIVITIES					
Net (loss) income	**(23,224)**	**38,473**	**60,584**	**48,908**	**15,219**
Non-cash items:					
Depreciation and amortisation of assets	31,288	36,278	95,062	109,298	149,987
Financial expense, net	15,025	30,594	60,164	94,632	122,024
Pension plan and other post-retirement benefit	4,694	(1,684)	11,801	11,747	20,905
Other items, net	(1,000)	(1,304)	(1,052)	(5,016)	(384)
Taxation charge	20,201	26,514	60,919	62,445	78,675
Changes in working capital, excluding taxation	51,499	55,970	(15,659)	32,642	52,535
Cash generated from operating activities from continuing operations before financial expense, taxation and post-employment benefits paid	**98,483**	**184,841**	**271,819**	**354,656**	**438,961**
Financial expense paid	(7,495)	(10,847)	(17,077)	(35,283)	(40,607)
Taxation paid	(7,313)	(1,714)	(60,578)	(15,714)	(19,502)
Pension plan contributions and other post-retirement benefit paid	(3,725)	(3,975)	(11,156)	(11,266)	(15,668)
Net cash flows from operating activities from continuing operations	**79,950**	**168,305**	**183,008**	**292,393**	**363,184**
INVESTING ACTIVITIES					
Purchase of property, machinery and equipment, net	(31,284)	(15,616)	(67,603)	(45,378)	(114,095)
Proceeds from disposal of assets	-	-	-	-	496
Net cash flows used in investing activities	**(31,284)**	**(15,616)**	**(67,603)**	**(45,378)**	**(113,599)**
FINANCING ACTIVITIES					
Repayment of debt, net	(26,528)	(150,465)	(115,630)	(239,441)	(248,398)
Other financial obligations, net	(724)	(1,872)	(2,897)	(2,051)	1,637
Net cash flows used in financing activities	**(27,252)**	**(152,337)**	**(118,527)**	**(241,492)**	**(246,761)**
(Decrease) increase in cash and cash equivalents	21,414	352	(3,122)	5,523	2,824
Cash conversion effect, net	190	(3)	(944)	(1,876)	(1,972)
Cash and cash equivalents at beginning of period	62,635	90,751	88,305	87,453	87,453
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**84,239**	**91,100**	**84,239**	**91,100**	**88,305**
Changes in working capital, excluding taxation:					
Trade accounts receivable, net	(4,688)	3,914	(9,666)	21,021	29,158
Other accounts receivable	6,109	(312)	(3,429)	(1,492)	(4,342)
Inventories, net	(7,103)	(6,092)	(52,257)	18,233	4,686
Trade payables	20,319	41,669	85,306	7,687	1,520
Other current and non-current liabilities	36,862	16,791	(35,613)	(12,807)	21,513
Changes in working capital, excluding taxation	**51,499**	**55,970**	**(15,659)**	**32,642**	**52,535**

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, 2020 audited consolidated financial statements consistently applied from period to period. The Group has adopted all the new and revised accounting standards that are mandatory for annual accounting periods on or after January 1, 2021 and which are relevant to the Group's operations.

3. Earnings Per Share

Earnings per share (EPS) is calculated by dividing the net income or loss attributable to 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 374.648 million, the weighted average of 2.845 million shares that were held as unallocated shares by the Employee Share Ownership Plan (ESOP).

4. Cost of Sales, Operating and Other Expenses, Net

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 Group's ready-mix concrete business.

Operating expenses comprise administrative, selling, distribution and logistics expenses. Administrative expenses represent expenses related to managerial activities and back office for the Group's management. Selling expenses represent the expenses associated with sales activities. 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 sale and the customers' facilities.

Other expenses, net consist primarily of income and expenses not directly related to the Group's main activities, or which are of an unusual and/or non-recurring nature, including results on disposal of assets and restructuring costs, among others.