TRINIDAD CEMENT LIMITED

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

CEMEX Building a better future

## CONDENSED CONSOLIDATED INCOME STATEMENT

| TT$'000 | UNAUDITED | | | | AUDITED |
|---|---|---|---|---|---|
| | Three Months Jul to Sep | | Nine Months Jan to Sep | | Year Jan to Dec |
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Revenue | 553,252 | 489,440 | 1,702,506 | 1,552,713 | 2,061,227 |
| Cost of sales | (347,524) | (314,545) | (1,159,282) | (1,019,568) | (1,379,886) |
| **Gross profit** | **205,728** | **174,895** | **543,224** | **533,145** | **681,341** |
| Administrative expenses | (43,387) | (33,067) | (114,102) | (97,393) | (128,024) |
| Selling expenses | (4,791) | (3,909) | (15,283) | (11,773) | (15,943) |
| Distribution and logistics expenses | (36,688) | (40,164) | (108,703) | (116,881) | (151,014) |
| **Operating earnings before other expenses and other income and credits** | **120,862** | **97,755** | **305,136** | **307,098** | **386,360** |
| Other expenses | (22,024) | (6,213) | (47,714) | (35,447) | (189,600) |
| Other income and credits | 4,135 | 2,970 | 7,043 | 3,289 | 16,017 |
| **Operating earnings** | **102,973** | **94,512** | **264,465** | **274,940** | **212,777** |
| Financial expense | (10,743) | (10,518) | (40,087) | (29,728) | (44,238) |
| Financial income | 2,915 | 563 | 4,527 | 654 | 1,278 |
| **Earnings before taxation** | **95,145** | **84,557** | **228,905** | **245,866** | **169,817** |
| Taxation charge | (29,122) | (29,815) | (59,658) | (78,774) | (112,012) |
| **NET INCOME** | **66,023** | **54,742** | **169,247** | **167,092** | **57,805** |
| Non-controlling interest | (21,755) | (13,814) | (49,478) | (50,786) | (71,969) |
| **CONTROLLING INTEREST** | **44,268** | **40,928** | **119,769** | **116,306** | **(14,164)** |
| **Basic and diluted earnings (loss) per share - cents (Note 3):** | **11.9** | **11.0** | **32.2** | **31.3** | **(3.8)** |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| TT$'000 | UNAUDITED | | | | AUDITED |
|---|---|---|---|---|---|
| | Three Months Jul to Sep | | Nine Months Jan to Sep | | Year Jan to Dec |
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| **NET INCOME** | **66,023** | **54,742** | **169,247** | **167,092** | **57,805** |
| **Items that will not be reclassified subsequently to the income statement** | | | | | |
| Change in fair value of equity investments at fair value through other comprehensive income | - | - | 2,269 | - | - |
| Net actuarial losses from remeasurements of employee benefit plans | - | - | - | - | (84,235) |
| Taxation recognised directly in other comprehensive income | - | - | - | - | 20,896 |
| | - | - | 2,269 | - | (63,339) |
| **Items that are or may be reclassified subsequently to the income statement** | | | | | |
| Effects from derivative financial instruments designated as cash flow hedges | 134 | (904) | (2,139) | (278) | (2,281) |
| Currency translation results of foreign subsidiaries | (12,948) | (5,431) | (27,593) | 6,723 | 11,889 |
| | (12,814) | (6,335) | (29,732) | 6,445 | 9,608 |
| Total items of other comprehensive (loss) income, net | (12,814) | (6,335) | (27,463) | 6,445 | (53,731) |
| **TOTAL COMPREHENSIVE INCOME** | **53,209** | **48,407** | **141,784** | **173,537** | **4,074** |
| **Non-controlling interest** | 16,104 | 12,067 | 39,231 | 53,198 | 72,266 |
| **Controlling interest** | 37,105 | 36,340 | 102,553 | 120,339 | (68,192) |
| **TOTAL COMPREHENSIVE INCOME** | **53,209** | **48,407** | **141,784** | **173,537** | **4,074** |

## DIRECTORS' STATEMENT

**Health and Safety**

At the TCL Group, the health and safety of our people remain our number one priority. We are pleased to share that during the first nine months of the year, there were no Lost Time Incidents (LTIs) at any of our operations. Our management team keeps a strong focus on the health and safety of our teams and contractors, and carefully analyses and learns from any incident that may occur at our plants. We consider these as unique opportunities which help us to prevent serious incidents.

TCL Guyana Incorporated (TGI), our subsidiary in Guyana, proudly accomplished five (5) years of being LTI-free in September. We wish to publicly salute Team TGI and all those who contributed to this success.

**Financial Performance**

The TCL Group recorded consolidated revenue from continuing operations of $553 million during the third quarter of 2023, an increase of 13% when compared to the same quarter of 2022. The Group's adjusted EBITDA of $151 million in the third quarter reflected an increase of 16% compared to the same period of the previous year. This result reflects the impact of higher sales volumes across the Group. In the third quarter of 2023, the TCL Group reported a net income of $66 million, an increase of 21% when compared to the third quarter of 2022. This was driven by increased cement volumes in Jamaica, Trinidad & Tobago, and Guyana, the positive impact of price adjustments which were implemented to offset cost inflation, and the improved operating results achieved under the new business model in Barbados.

On a year-to-date basis, the Group recorded consolidated revenue from continuing operations of $1.7 billion, 10% higher than the corresponding period in 2022. The Group's adjusted EBITDA on a year-to-date basis for 2023 was $396 million, a 2% decrease compared to the prior year period, but a solid recovery from earlier in the year. Cement sales volumes increased by 2% in Jamaica, 4% in Trinidad & Tobago and 21% in Guyana.

Throughout this year, the Group has generated an accumulated net income of $169 million, a minor increase of 1% when compared to the same period in 2022. All this has been boosted by our enhanced performance strategies in the second quarter of 2023, supported by lower maintenance costs and higher cement revenue.

During the third quarter of 2023, the TCL Group generated net cash of $121 million from operating activities and invested $23 million in capital expenditure and $89 million in interest-bearing deposits. On a year-to-date basis, the TCL Group generated $261 million from operating activities due to improved working capital management.

**Sustainability**

Sustainability is a strategic priority for us within the TCL Group. We continue to embrace climate action among our core responsibilities with an ambitious and dedicated programme grounded in the creation of sustainable products and solutions, decarbonisation of our operations, circular economy, water diversity, the promotion of a green economy, and innovation and partnerships.

During the quarter, Caribbean Cement Company in Jamaica continued its alliances with government, local agencies, and other companies involved in sustainable development to successfully execute beach clean-up campaigns and waste removal from water bodies, amassing over 830 kilogrammes of co-processable and recyclable waste during the Jamaica Environment Trust's International Coastal Clean-up Day. We are also proud to mention that our determination to drive our local circularity efforts in collaboration with our partners, Ocean Clean Up and Clean Harbours Jamaica to reduce waste that reaches the Kingston Harbour, has now grown into a global Cemex partnership with Ocean Clean Up.

As part of the Group's ongoing commitment to environmental conservation, key initiatives have been implemented under Cemex's 'Future in Action' programme. This includes the launch of a biodiversity community garden in Jamaica, which aims to enhance pollination, increase awareness among locals on endemic and endangered species and provide a space for children to learn about biodiversity and the role that we play as a people in driving change.

In Trinidad & Tobago, we have continued to use at least 40% and 100% non-freshwater in our cement operations and at our Melajo Aggregates Quarry respectively. This underscores the TCL Group's commitment to reduce freshwater consumption related to our processes as the world grapples with access to clean water and the impacts of climate change in water-stressed regions.

On a year-to-date basis, we have reduced overall net carbon emissions by 4%, mainly by using waste oils in Jamaica, and recorded a 3% reduction in heat consumption through the production of low-carbon products in Trinidad & Tobago and Jamaica. Notably, during the third quarter, low-carbon Premium Plus Limestone Cement accounted for 38% of the Group's total export volume to key CARICOM markets.

The TCL Group remains fully committed to following our sustainability roadmap towards the achievement of our targets. We are working to ensure that every decision and action we take, creates an opportunity to positively impact the communities in which we operate, and can be stepping stones to a sustainable, greener world.

**Outlook**

Our focus will remain foremost on the safety and well-being of our people, and the creation of value for all our stakeholders across the region. We will achieve this by our ongoing attention to sustainability and climate action as we continue to strictly adhere to our Cemex 'Future in Action' programme with further investments in the development of low-carbon brands and solutions. Additionally, through our strategies that drive customer value such as the implementation of our Call Center in Trinidad & Tobago (followed by Jamaica, Barbados, and Guyana), and the opening of additional Construrama stores in Trinidad & Tobago; community care; focused cost management and agility in responding to mounting global uncertainties and challenges.

While pleased with our achievements across various aspects of the business, the Board and Management remain fully vigilant to identify any headwinds that could affect our results in the short term and are committed to maximising all opportunities in the interest of creating value for our stakeholders.

**David G. Inglefield**
**Chairman**
**TCL Group**
**October 27, 2023**

**Francisco Aguilera Mendoza**
**Managing Director**
**TCL Group**
**October 27, 2023**

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| TT$'000 | UNAUDITED | | AUDITED |
|---|---|---|---|
| | 30.09.23 | 30.09.22 | 31.12.22 |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 97,074 | 119,657 | 87,004 |
| Trade accounts receivable, net | 56,497 | 53,408 | 49,248 |
| Other accounts receivable | 265,542 | 129,106 | 73,998 |
| Taxation recoverable | 7,524 | 2,064 | 2,201 |
| Inventories, net | 378,361 | 389,412 | 417,358 |
| **Total current assets** | **804,998** | **693,647** | **629,809** |
| **NON-CURRENT ASSETS** | | | |
| Investments | 2,270 | 1 | 1 |
| Property, machinery and equipment, net | 1,534,350 | 1,624,914 | 1,591,163 |
| Deferred taxation assets | 99,485 | 121,323 | 102,479 |
| Employee benefits | 31,230 | 135,519 | 33,847 |
| Other accounts receivable | - | 377 | - |
| **Total non-current assets** | **1,667,335** | **1,882,134** | **1,727,490** |
| **TOTAL ASSETS** | **2,472,333** | **2,575,781** | **2,357,299** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Other financial obligations | 8,412 | 8,466 | 7,501 |
| Trade payables | 274,467 | 263,702 | 278,518 |
| Taxation payable | 17,058 | 30,820 | 33,205 |
| Provisions | 28,774 | 27,523 | 57,991 |
| Other current liabilities | 262,557 | 266,086 | 261,412 |
| **Total current liabilities** | **591,268** | **596,597** | **638,627** |
| **NON-CURRENT LIABILITIES** | | | |
| Long-term debt | 473,772 | 487,113 | 437,130 |
| Other financial obligations | 19,109 | 15,309 | 15,325 |
| Employee benefits | 186,988 | 202,537 | 180,390 |
| Deferred taxation liabilities | 205,480 | 221,719 | 204,925 |
| Provisions | 4,119 | 1,449 | 5,809 |
| **Total non-current liabilities** | **889,468** | **928,127** | **843,579** |
| **TOTAL LIABILITIES** | **1,480,736** | **1,524,724** | **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 | (335,642) | (321,194) | (313,888) |
| Retained earnings | 213,074 | 283,984 | 219,608 |
| Net income (loss) | 119,769 | 116,306 | (14,164) |
| **Total controlling interest** | **804,914** | **886,809** | **699,269** |
| Non-controlling interest | 186,683 | 164,248 | 175,824 |
| **TOTAL SHAREHOLDERS' EQUITY** | **991,597** | **1,051,057** | **875,093** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **2,472,333** | **2,575,781** | **2,357,299** |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| TT$'000 | UNAUDITED | | | | AUDITED |
|---|---|---|---|---|---|
| | Three Months Jul to Sep | | Nine Months Jan to Sep | | Year Jan to Dec |
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| **OPERATING ACTIVITIES** | | | | | |
| **Net income** | **66,023** | **54,742** | **169,247** | **167,092** | **57,805** |
| Non-cash items: | | | | | |
| Depreciation and amortisation of property, machinery and equipment | 30,593 | 32,518 | 91,088 | 98,313 | 135,492 |
| Financial expense, net | 7,828 | 9,955 | 35,560 | 29,074 | 42,960 |
| Pension plan and other post-retirement benefit | 4,185 | 4,150 | 12,558 | 12,442 | 12,832 |
| Other items, net | 2,422 | (715) | 2,422 | (188) | - |
| Write-off of property, machinery and equipment | - | - | - | - | 57,015 |
| Restructuring cost | - | - | - | - | 77,324 |
| Taxation charge | 29,122 | 29,815 | 59,658 | 78,774 | 112,012 |
| Changes in working capital, excluding taxation | 5,666 | (11,871) | (6,841) | (188,384) | (226,397) |
| **Cash generated from operating activities before financial expense, taxation and post-employment benefits paid** | **145,839** | **118,594** | **363,692** | **197,123** | **269,043** |
| Financial expense paid | (2,978) | (3,513) | (20,222) | (14,655) | (29,188) |
| Taxation paid | (19,178) | (14,347) | (74,008) | (55,808) | (71,086) |
| Pension plan contributions and other post-retirement benefit paid | (2,212) | (3,636) | (8,761) | (10,806) | (15,256) |
| **Net cash flows from operating activities** | **121,471** | **97,098** | **260,701** | **115,854** | **153,513** |
| **INVESTING ACTIVITIES** | | | | | |
| Purchase of property, machinery and equipment | (22,627) | (21,230) | (59,787) | (56,694) | (112,562) |
| Accounts receivable from related parties | (88,504) | (21,387) | (175,178) | (47,861) | - |
| Financial income received | 2,915 | 563 | 4,527 | 654 | 1,278 |
| **Net cash flows used in investing activities** | **(108,216)** | **(42,054)** | **(230,438)** | **(103,901)** | **(111,284)** |
| **FINANCING ACTIVITIES** | | | | | |
| Proceeds from debt | - | 40,560 | 80,611 | 110,003 | 148,656 |
| Repayment of debt | (6,769) | (43,211) | (81,947) | (57,943) | (158,074) |
| Other financial obligations | (3,679) | (1,855) | (7,529) | (5,372) | (6,911) |
| Dividends paid | - | (14,671) | - | (14,671) | (14,671) |
| Purchase of non-controlling interests in subsidiaries | - | - | (10,565) | - | - |
| **Net cash flows (used in) from financing activities** | **(10,448)** | **(19,177)** | **(19,430)** | **32,017** | **(31,000)** |
| Increase in cash and cash equivalents | 2,807 | 35,867 | 10,833 | 43,970 | 11,229 |
| Cash conversion effect, net | (288) | (76) | (763) | 32 | 120 |
| Cash and cash equivalents at beginning of period | 94,555 | 83,866 | 87,004 | 75,655 | 75,655 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **97,074** | **119,657** | **97,074** | **119,657** | **87,004** |
| **Changes in working capital, excluding taxation:** | | | | | |
| Trade accounts receivable, net | (9,139) | 16,016 | (7,708) | 8,254 | 685 |
| Other accounts receivable | 5,441 | (45,120) | (23,911) | (60,285) | (31,279) |
| Inventories, net | (891) | (23,508) | 32,872 | (61,363) | (135,555) |
| Trade payables | 21,428 | (10,314) | (217) | (95,709) | (66,475) |
| Other current and non-current liabilities | (11,173) | 51,055 | (7,877) | 20,719 | 6,227 |
| **Changes in working capital, excluding taxation** | **5,666** | **(11,871)** | **(6,841)** | **(188,384)** | **(226,397)** |

TRINIDAD CEMENT LIMITED

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

CEMEX Building a better future

## 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 |
| | 2023 | 2022 | 2022 | 2023 | 2022 | 2022 |
| **Balance at beginning of period** | **699,269** | **766,470** | **766,470** | **175,824** | **125,721** | **125,721** |
| Net income (loss) | 119,769 | 116,306 | (14,164) | 49,478 | 50,786 | 71,969 |
| Total items of other comprehensive (loss) income, net | (17,216) | 4,033 | (54,028) | (10,247) | 2,412 | 297 |
| Dividends | - | - | - | (14,715) | (14,671) | (14,671) |
| Acquisition of non-controlling interest without change of control | 3,092 | - | 991 | (13,657) | - | (7,492) |
| **Balance at end of period** | **804,914** | **886,809** | **699,269** | **186,683** | **164,248** | **175,824** |

## SEGMENT INFORMATION

| TT$'000 | CEMENT | CONCRETE | PACKAGING | CONSOLIDATION ADJUSTMENTS | TOTAL |
|---|---|---|---|---|---|
| **UNAUDITED NINE MONTHS JAN TO SEP 2023** | | | | | |
| **Revenue** | | | | | |
| Total | 1,773,897 | 30,878 | 11,264 | - | 1,816,039 |
| Inter-segment | (102,157) | (1,008) | (10,368) | - | (113,533) |
| Third-party | 1,671,740 | 29,870 | 896 | - | 1,702,506 |
| Earnings (loss) before taxation | 229,384 | (1,623) | 1,144 | - | 228,905 |
| Depreciation | 84,738 | 6,224 | 126 | - | 91,088 |
| Segment assets | 3,520,594 | 128,130 | 95,975 | (1,272,366) | 2,472,333 |
| Segment liabilities | 2,492,457 | 52,268 | 5,165 | (1,069,154) | 1,480,736 |
| Capital expenditure | 55,050 | 4,737 | - | - | 59,787 |
| **UNAUDITED NINE MONTHS JAN TO SEP 2022** | | | | | |
| **Revenue** | | | | | |
| Total | 1,698,024 | 42,781 | 18,555 | - | 1,759,360 |
| Inter-segment | (180,680) | (3,065) | (22,902) | - | (206,647) |
| Third-party | 1,517,344 | 39,716 | (4,347) | - | 1,552,713 |
| Earnings before taxation | 244,072 | 201 | 1,593 | - | 245,866 |
| Depreciation | 95,030 | 2,929 | 354 | - | 98,313 |
| Segment assets | 3,519,116 | 127,510 | 73,999 | (1,144,844) | 2,575,781 |
| Segment liabilities | 2,391,815 | 42,367 | 13,668 | (923,126) | 1,524,724 |
| Capital expenditure | 58,521 | 904 | - | - | 59,425 |
| **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 |

## 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 374.648 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 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, reversal of impairment losses on property, machinery and equipment, results on disposal of property, machinery and equipment and restructuring costs, among others.

**5. Other Accounts Receivable**

Other accounts receivable includes a deposit investment account of $176 million (US$26 million) in CEMEX Innovation Holdings Limited, a related company, which generates interest at a rate equal to the Western Asset Institutional Liquid Rserves Fund rate plus 30 basis points on a daily basis of a year of 360 days.