



POWERING INDUSTRIES GLOBALLY

SECONDARY PUBLIC OFFERING



2025
PROSPECTUS

Tropical Battery Company Limited (“Tropical Battery”)
Registered Office: 30 Automotive Parkway, Ferry Commercial Park, Kingston 10

Additional Invitation by Prospectus
by
Tropical Battery Company Limited

ISSUE OF 954,545,455 Ordinary Shares

with the ability to upsize to

1,122,994,652 Ordinary Shares

all such Ordinary Shares in the capital of, or issued by

Tropical Battery Company Limited

(the “Company”)

at the price of J\$1.87 per Ordinary Share

Up to 267,379,679 Ordinary Shares are initially reserved for priority application by the Reserved Share Applicants falling within the Key Strategic Investor Pool at the same price of J\$1.87 per Ordinary Share

Applications must request a minimum of 1,000 Ordinary Shares. Applications above this amount shall be in multiples of 100 Ordinary Shares.

Dated the 5th day of May 2025

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act and was so registered on the 8th day of May 2025. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus.

A copy of this Prospectus was delivered to the Financial Services Commission on the 9th day of May 2025 pursuant to section 26 of the Securities Act. The Financial Services Commission has neither approved the issue of this Prospectus nor has the Commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the Ordinary Shares.

The Directors of Tropical Battery Company Limited (“the Company”), whose names appear in this Prospectus, are the persons responsible for the information contained in this document. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of such persons accepts responsibility accordingly.

No person is authorized to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained herein.

Table of Contents

Section 1	Important Notice	1
Section 2	Key Dates	2
Section 3	Summary of Key Information.....	3
Section 4	Message from the Chief Executive Officer to Prospective Investors	5
Section 5	Definitions.....	8
Section 6	Professional Advisors to the Offer	11
Section 7	Disclaimer and Advisory on Forward Looking Statements	13
Section 8	The Invitation.....	15
Section 9	Risk Exposure	17
Section 10	Information about the Company	22
Section 11	Share Capital Structure	34
Section 12	The Board of Directors/Management of the Company/Corporate Governance	36
Section 13	Auditor’s Report.....	47
Section 14	Financial Statements.....	48
Section 15	Management Discussion & Analysis	54
Section 16	Statutory & General Information.....	61
Section 17	Documents Available for Inspection.....	65
Section 18	Signatures of Directors of Company	66
Section 19	Appendices	67
	Appendix 1 - Financial Statements	68
	Appendix 2 – Application Procedures & Conditions.....	146
	Appendix 3 – Auditor’s Consent	154

Section 1 Important Notice

Unless stated otherwise, terms used in this Prospectus shall have the meanings attributed to them in Section 5 - **Definitions** of this Prospectus.

Existing Ordinary Shares of the Company are listed on the Junior Market of the JSE and prospective investors (“sometimes “Prospective Investors”) are invited and encouraged to view all TRADE INFORMATION relating to the Company published on the JSE website at www.jamstockex.com

Prospective Investors are also invited to view the Annual Report for the Company at <https://www.tropicalbattery.com/sites/default/files/TROPICAL-Annual-Report-FY2024-Final.pdf>

Copies of the audited Financial Statements for the Company for Financial Year ended September 30, 2024 can be found at <https://cdn.jamstockex.com/wp-content/uploads/2025/02/TB-KPMG-Audited-FS-FY2024.pdf>.

The signatures of the **Directors of the Company** appear in Section 18 – **Signatures of Directors of the Company** of this Prospectus. The Directors of the Company are individually and collectively responsible for the contents of this Prospectus. To the best of the knowledge and belief of such Directors, the information contained in this Prospectus is factually correct and true and no information has been omitted that would make any statement in this Prospectus misleading or that is likely to otherwise materially affect its interpretation.

The Directors of the Company do not warrant or make any representation as to the accuracy of the information in this Prospectus as of any date other than the date on which it is dated.

This Prospectus is issued by the Company to the public in Jamaica only and is not to be construed as making an invitation or offer to persons outside of Jamaica to subscribe for any Ordinary Shares or other securities.

Section 2 Key Dates

Applications may be made online by either using GOIPO or eInvest using the links and the instructions provided in Appendix 2 at the end of this Prospectus.

The Invitation will open at 9.00 am on the Opening Date and will close at 4:30 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after 9:00 a.m. on the Opening Date once the Invitation is fully subscribed, or (b) extend the period during which the Invitation shall remain open for any reason, provided that such period does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of the extension of such period or an early closing, notice will be posted on the website of the JSE at www.jamstockex.com.

The below timetable is indicative and will be implemented on a best efforts basis, with the Directors of the Company however reserving the right to change the dates that the Invitation opens and closes based on market conditions and other relevant factors as determined by the Company subject always to statutory and regulatory obligations.

Date of Prospectus	May 5, 2025
Opening Date	May 22, 2025
Closing Date	June 6, 2025 subject to the right of the Company to designate an earlier or later date in the circumstances set out in this Prospectus
Expected dispatch of investor statements and any refund if applicable	Within 10 days of Closing Date

Section 3 Summary of Key Information

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices and the Trade Information published on the JSE website.

Prospective Investors are advised to read carefully, this entire Prospectus and the Trade Information published on the JSE website, before making an investment decision about the transactions herein. Each recipient's attention is specifically drawn to the **Disclaimer and Advisory on Forward Looking Statements** in Section 7 and the **Risk Exposure** in Section 9 of this Prospectus for purposes of determining whether or not to apply/subscribe for Ordinary Shares.

If you have any questions arising out of this document or if you require any explanations, you should consult your stock broker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

Company:	Tropical Battery Company Limited
Arranger	Sygnus Capital Limited
Brokers	Sagicor Investments Jamaica Limited and NCB Capital Markets Limited, are the Brokers engaged by the Company to assist with implementation of the Invitation.
Ordinary Shares the subject of the Invitation:	<p>The Ordinary Shares the subject of this Prospectus are as follows:</p> <p>954,545,455 New Ordinary Shares subject to the Directors of the Company (in consultation with the Arranger) increasing the number of Ordinary Shares to be made the subject of the Invitation, provided that the Directors shall have no obligation to make any such increase and in no event shall any increase in Ordinary Shares be greater than 168,449,198 in number, for a maximum total offering size of 1,122,994,652 New Ordinary Shares.</p> <p>Up to 267,379,679 Ordinary Shares are initially reserved for priority application by the Reserved Share Applicants falling within the Key Strategic Investor Pool at the price of J\$1.87 per New Ordinary Share</p>
Use of Proceeds:	<ul style="list-style-type: none">• To repay existing loan of approximately US\$9.5 million (appx. J\$1.4 billion) owed to CIBC Caribbean Bank (Jamaica) Limited (formerly FirstCaribbean International Bank (Jamaica) Limited) as a result of the acquisition of Rose Electronics Distributing Company.• To repay monies owed on outstanding bonds of approximately J\$300 million.• To settle all transaction related costs.

- To be applied towards general working capital for growth opportunities.

In the event that the Company is only able to raise the minimum amount of J\$1.0 billion, the Company will use the proceeds towards repaying the CIBC loan and settle all transaction related costs.

Timetable:

The below timetable is indicative and will be implemented on a best efforts basis, with the Directors of the Company however reserving the right to change the dates that the Invitation remains open based on market conditions and other relevant factors.

- i. Distribution of Prospectus – May 9, 2025
- ii. The Opening Date – 9:00am on May 22, 2025
- iii. The Closing Date (completed and signed Application Forms to be received by) – 4:30pm on June 6, 2025
- iv. Where applicable, it is expected that refunds will be returned to the Arranger/Broker within 10 days of the Closing Date

Announcement of basis of allotment:

A notice confirming the preliminary basis of allotment will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) within six (6) business days after the Closing Date (or the extended Closing Date, as the case may be).

Allotment:

Within twenty-one days (21) of the Closing Date; subject to the Ordinary Shares being admitted for listing by the Board of the JSE on the Main Market of the JSE, the Ordinary Shares will be allocated based on the time of receipt of the subscription, on a “first come first served” basis.

If the Invitation is oversubscribed the Ordinary Shares will be allocated on a pro rata basis, in which event, Applicants may be allotted fewer Ordinary Shares than were the subject of their Applications.

Listing of new Ordinary Shares

The Company intends to apply to have the new Ordinary Shares issued as a result of this invitation listed on the Jamaica Stock Exchange and intends to make such application to the JSE in accordance with the Rules of the JSE within fifteen (15) days after the New Ordinary Shares have been allotted.

Section 4 Message from the Chief Executive Officer to Prospective Investors

DEAR PROSPECTIVE INVESTORS:

Greetings from Tropical Battery Company Limited (“Tropical Battery”). We humbly appreciate you taking the time to review our Prospectus. As we continue to advance, we are pleased to share with you some exciting developments and upcoming opportunities.

Since our IPO listing in September 2020, Tropical Battery has been on an upward trajectory, demonstrating consistent revenue and dividend growth and strengthening our position in the market. As a testament to our strategy, as outlined on page 33 of our [2022 Annual Report](#), we have successfully acquired a 51% stake in renewable energy solution provider Kaya Energy Group, in the Dominican Republic in the fiscal year 2023. Our commitment to innovation and strategic investments brought us to a pivotal moment, the 100% acquisition of the Silicon Valley California-based Rose Batteries, completed on January 31, 2024, a company with a remarkable US\$22 million in revenue and US\$3.7 million in net income for calendar year 2023.

Our thorough due diligence, combined with insights from the Rose Batteries team, has solidified our belief that this acquisition presents a promising investment opportunity. We financed the acquisition through bridge financing to capitalize on the time-sensitive opportunity. Now, we are launching an additional share invitation on the Jamaica Stock Exchange to give shareholders the opportunity to benefit from the increased earnings as a result of the acquisition of Rose Batteries. The capital raised will retire the debt related to the bridge financing, “freeing up” cash that would have otherwise been allocated to debt service. This is likely to boost net profits, enabling us to distribute higher dividends and reinvest in the business for further growth. Further, based on the Quality of Earnings Report from KPMG San Francisco, the acquisition multiple on Rose Batteries’ trailing twelve months (TTM) earnings was 6.5 times at the time of the acquisition. Tropical Battery trades at a price to earnings ratio (PE) ranging from 12x to 23x over the past year. Therefore, buying earnings at a lower multiple than the Company's trading multiple is likely to provide added value to shareholders.

Financial Performance for the year ending September 30 2024.

Tropical Battery Company Limited's financial performance for FY2024 reflects exceptional growth, demonstrating strong operational execution, strategic expansion, and increased market penetration. With a 100.7% year-over-year revenue increase, the company has successfully leveraged organic growth, acquisitions, and market expansion to solidify its position as a leader in the energy storage and renewable energy sectors.

Total revenue soared to \$5.62 billion, up from \$2.80 billion in FY 2023, driven by the successful expansion into the United States and increased demand in core markets like Jamaica and the Dominican Republic. Gross profit increased by 112.7% to \$1.86 billion, reflecting efficiency improvements and more substantial margins. EBITDA doubled to \$519 million, while adjusted EBITDA reached \$596 million, reflecting a 130.7% YoY increase. This growth underscores the company's ability to scale operations efficiently while maintaining cost discipline.

The acquisitions of Rose Batteries and Kaya Energy have been instrumental in driving this impressive growth, reflecting the company's strategic focus on expanding its market presence and enhancing its product offerings.

Impact of One-Time Costs on Profitability

Despite our strong operating performance, high interest costs, and one-off acquisition-related expenses resulted in a decline in reported profit to \$34 million, a 76.3% reduction YoY. However, if these one-off costs were excluded, profit before tax would have stood at \$200 million, marking a 38.4% YoY increase. This adjusted metric provides a clearer view of the company's core profitability and operational efficiency.

USA Business

Now over 40% of Tropical Battery's sales, Rose Electronics Distributing Co., LLC ("Rose" or "Rose Batteries"), located in San Jose, CA, is a leading full-suite provider of customized batteries and charger power solutions to a diverse array of original equipment manufacturers ("OEMs").

Rose's scope of services starts with a needs-assessment to engineering design to assembly and supply. Customized battery assemblies are used for technologies that require unique power needs due to extreme temperature environments, difficult-to-service locations, and high-reliability requirements. Industries serviced include medical, robotics, telecom, enterprise storage, backup-power, smart grid, test & measurement, and global positioning industries.

Rose's strategy is to service OEMs that manufacture products that require customization and midsize production runs. The high degree of customization makes it difficult for a customer to leave once they have begun to work with Rose, resulting in a frequently recurring customer. The OEMs' mid-volume production makes them unqualified for larger/offshore battery pack assemblers, resulting in a high-margin customer.

Background on Rose

Founded in 1963, Rose Electronics Distributing Co, LLC ("Rose") is an engineering design and assembler of high-reliability battery and charger power solutions. Rose built its reputation as an expert in custom power solutions by developing deep expertise in mission-critical applications for medical and industrial customers. The Company's "turnkey" solution for design, launch, and high-volume manufacturing helps customers launch and scale. Rose specializes in batteries for extreme environments where most batteries fail. Rose's technical expertise, along with being single-sourced and specked in, drives a 98%+ revenue recurrence.

In 2016, Rose was acquired by CEO Itamar Frankenthal, in partnership with Double R Partners, a private investment fund that specializes in helping owner-operated businesses exit, professionalize and scale. By building a management team, and an engineering team and adding operations in Mexico, they transformed Rose into a full-service solution-sales leader in mission-critical custom power solutions.

With a talented and experienced leadership team, full design engineering team and ability to provide high-volume Mexico manufacturing, along with the history and experience of creating innovative designs, Rose is positioned to enter a new growth phase as an industry leader in custom power solutions

for fast-growing internet of things (IoT), smart grid, drone, robotics, aerospace, medical, commercial and industrial applications.

Rose has 50 employees, 17 team members in production, 11 in the warehouse, 5 in accounting, 6 in engineering, 4 in supply chain, 3 in sales, 2 in quality, 1 in administration, and a single CEO. This is a relatively small number of employees, therefore it will help with the company integration and alignment.

Outlook

By issuing an additional 900 million shares in the Additional Invitation, priced at J\$1.87 each, we project to raise over \$1.7 billion.

If successful, the offering will require Tropical to take steps to transition to the Main Market of the Jamaica Stock Exchange. We indicated our intention to do so in a market announcement on July 26, 2024.

In conclusion, we believe the acquisition of Rose Batteries is not just a transaction but a strategic move promising immense value and returns. Our payment and financing strategy is meticulously crafted to ensure maximum benefits for all parties, emphasizing the growth and prosperity of Tropical Battery and its shareholders.

We invite you to join us in this transformative venture, as we continue to redefine excellence and drive unparalleled growth in the industry.

Prospective Investors are invited and encouraged to view all TRADE INFORMATION relating to the Company published on the JSE website at <https://www.jamstockex.com/>

HOW TO MAKE AN APPLICATION FOR ORDINARY SHARES

Those Investors who are interested in subscribing for Ordinary Shares should read this Prospectus in its entirety inclusive of the Risk Exposures detailed at Section 9, the Trade Information relating to the Company published on the JSE website and then complete the Application based on the instructions in Appendix 2.

Warm regards,



Alexander Melville

Chief Executive Officer

Section 5 Definitions

Word or Phrase	Definition
Additional Invitation	The invitation to subscribe for Ordinary Shares in the Company issued by the Company, on the terms and conditions set out in this Prospectus (herein referred to as the “Invitation”).
Applicant	A person (being an individual or a body corporate) being a member of the general public, who submits an Application.
Application	Means the application to be made by all Applicants who wish to make an offer to subscribe for Ordinary Shares in the Invitation, based on instructions set forth in Appendix 2.
Application List	The application list in respect of the Invitation.
Arranger(s)/Broker(s)	Sygnus Capital Limited (Arranger), Sagicor Investments Jamaica Limited and NCB Capital Markets Limited are the Co-Brokers engaged by the Company to assist with implementation of the Invitation.
Articles	The Articles of Incorporation of the Company.
Board of Directors of the Company OR the Directors of the Company	The Board of Directors of the Company whose signatures appear in Section 18.
Company or Tropical Battery Company Limited	Tropical Battery Company Limited
Closing Date	The date on which the Invitation closes, being 4:30 pm on June 6, 2025, subject to the right of the Company to shorten or extend the period during which the Invitation will remain open, in the circumstances set out in this Prospectus.
Invitation Price or Prices	The Price with respect to Ordinary Shares is as follows:

J\$1.87.

The Price is based on a 10% discount to the **simple average** of the **closing price** of the last 10 trading days prior to the date of the prospectus. As abovementioned, the Price is payable in Jamaican currency.

JCSD

Jamaica Central Securities Depository Limited, a wholly owned subsidiary of the JSE, incorporated under the laws of Jamaica to provide depository and settlement services for securities traded electronically on the floor of the Jamaica Stock Exchange using a book entry system.

JCSD System

means the practices and procedures adopted from time to time by the JCSD for the centralised deposit and registration of listed securities and the clearance of transactions in such securities.

JSE

The Jamaica Stock Exchange

JSE website

The website of the Jamaica Stock Exchange at www.jamstockex.com

Key Strategic Investor Pool

This pool includes managed pension fund(s) whose investment strategy includes investing in JSE main market equities and other such publicly-listed entities.

Key Strategic Investor Shares

The 267,379,679 Shares in the Invitation that are initially reserved for priority application from the Key Strategic Investor Pool, at a price of J\$1.87.

Latest Audited Accounts

the Audited Accounts of the Company for the year 2024, a copy of which appears in APPENDIX 1

Ordinary Shares

The Ordinary Shares in the capital of the Company made available for subscription pursuant to this Prospectus as described herein, inclusive of the Reserved Shares.

Reserved Shares

Up to 267,379,679 Shares in the Invitation which are specifically reserved for application from, and

subscription by the Reserved Share Applicants at the same price

Reserved Share Applicants



Reserved Share Applicants are the key strategic investors within the Key Strategic Investor Pool herein defined.

Selling Agent

A stockbroker approved by the Arranger/Broker to assist with the implementation of the Invitation.

Section 6 Professional Advisors to the Offer

Lead Arranger	Sygnus Capital Limited Unit 28 80LMR 80 Lady Musgrave Road Kingston 10 Jamaica Tel: 876- 420-3387 Contact Person: Steven Davis, VP- Investment Banking	
Co-Broker	NCB Capital Markets Limited 32 Trafalgar Road Kingston 10 Jamaica Tel: 876 960-7108 Contact Person: Richard Samough, AVP – Origination & Structuring	
Co-Broker	Sagikor Investments Jamaica Limited 85 Hope Road, Kingston 6 Jamaica Tel: 876 960-4722 Contact Person: Mischa McLeod-Hines VP Capital Markets Chede Baugh: Manager, Capital Markets	
Registrar and Transfer Agent	Jamaica Central Securities Depository Limited 40 Harbour Street Kingston Jamaica Tel: 876-967-3271 Contact Person: Tameika Ricketts	

Auditors	<p>KPMG Jamaica The Victoria Mutual Building P.O. Box 436 6 Duke Street Kingston, Jamaica</p>	
Legal Advisors to the Arranger	<p>Patterson Mair Hamilton Attorneys-at-Law Temple Court 85 Hope Road, Kingston 6, Jamaica Tel: 876.920.4000 Attention: Arthur Hamilton/Kimberly HoSue</p>	
Legal Advisors to the Company	<p>Ramsay & Partners 8 Lady Musgrave Road Kingston 5, St Andrew Jamaica 876-906-2616 Attention: Marc Ramsay</p>	 RAMSAY & PARTNERS

Section 7 Disclaimer and Advisory on Forward Looking Statements

If you are in doubt about the contents of this Prospectus, or have any queries about any information contained herein, you should consult your stockbroker, securities dealer, investment adviser, bank manager, attorney-at-law, professional accountant or other professional adviser.

You should not subscribe for any of the Ordinary Shares unless you have received and read or had the opportunity to read this Prospectus in full. **Prospective Investors are encouraged to review the Risk Factors in Section 9 of this Prospectus.** Any decision to invest in the Ordinary Shares should be based on consideration of this Prospectus, as a whole, including any document incorporated therein by reference. No one has been authorized by the Company to provide you with different or additional information. The Ordinary Share are available for subscription only in Jamaica. No action has been taken to register or qualify the Ordinary Shares for subscription outside Jamaica. The Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. **The distribution of this Prospectus and the offering of Ordinary Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.**

Save for the historical financial information relating to the Company presented by the Latest Audited Accounts, certain material in this Prospectus or referred to herein may contain forward-looking statements including but not limited to statements of expectations, future plans or future prospects, and financial projections. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although the Board of Directors of the Company believes that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be different or materially different from those projected. Prospective Investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ or differ materially from historical or anticipated results.

Forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ or differ materially from those in the forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, economic, social and other conditions prevailing both within and outside of Jamaica.

All phases of our business are subject to important uncertainties, risks and other influences, certain of which factors are beyond the Company's control. Any one of these factors, or a combination of them,

could cause actual results to differ materially from those in forward-looking statements. These factors include, without limitation, the following:

- economic, social and other conditions in any jurisdiction in which the Company may invest or operate, including actual rates of economic growth in such economies, local, regional or global instability, interest rate or exchange rate volatility;
- adverse climatic events and natural disasters;
- the Company's ability to gain access to capital financing at an acceptable cost, or business opportunities that meet the Company's investment criteria;
- changes in regulatory policy adversely affecting the business model employed by the Company;
- any other factor(s) negatively impacting on the realization of the assumptions on which the Company's financial projections are based; and
- other factors identified in this Prospectus.

We caution that the foregoing list of risk factors is not exhaustive and other factors not set out above could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to the Company, Applicants and others should carefully consider the foregoing factors and other uncertainties and potential events. Once this Prospectus has been signed by or on behalf of the Company, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's anticipated financial or actual or anticipated regulatory position, or to reflect the occurrence of unanticipated events.

Section 8 The Invitation

The Company invites the public to subscribe for Ordinary Shares in the capital of the Company as under, subject to the terms and conditions of this Prospectus.

Issued Ordinary & Preference Shares at the date of this Prospectus

Issued and fully paid Ordinary Shares	1,369,377,273
Issued Preference Shares	130,000
Total	1,369,507,273

Total Issued Ordinary & Preference Shares in the event that the Invitation is fully subscribed

Issued and fully paid Ordinary Shares	1,369,377,273
Ordinary Shares inclusive of the Reserved Shares (New)	954,545,455
Issued Preference Shares	130,000
Total	2,324,052,728

The Ordinary Shares are priced at the Invitation Price stipulated below:

J\$1.87 per share

The Price is based on a 10% discount to the **simple average** of the **closing price** of the last 10 trading days prior to the date of the prospectus. As abovementioned, the Price is payable in Jamaican currency.

The Reserved Shares are initially reserved for priority application from and subscription by Reserved Share Applicants at the price of J\$1.87 per Share. If any of the Reserved Shares are not subscribed for by any group of persons within the designation of Reserved Share Applicants such Reserved Shares will be made available initially for subscription by other Reserved Share Applicants before the same are made available for subscription by the general public.

Subject to the provisions in this Prospectus, the Company reserves the right to make available additional Ordinary Shares for purposes of this Invitation.

The Application Lists will open at 9.00 a.m. on May 22, 2025 (the “Opening Date”) and will close on June 6, 2025 at 4.30 p.m., (the “Closing Date”) subject to the Company’s right to close the Application Lists at any time without notice, if Applications have been received for the full amounts of the Ordinary Shares the subject of the Invitation. Applications are due within the period commencing with Opening Date and ending on the Closing Date.

Subject to the provisions in this Prospectus, the Company reserves the right to extend the period during which the Invitation will remain open. Allocations may be on a prorated basis, per category of Ordinary Shares, 21 days after the Invitation is closed, and an announcement will be made informing of the allocation of Ordinary Shares to successful Applicants.

Applications may be made online by either using GOIPO or eInvest using the links and the instructions provided in Appendix 2 at the end of this Prospectus.

The Invitation will close at 4:30 pm on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens at 9:00 am on the Opening Date once the Invitation is fully subscribed; or (b) extend the period during which the Invitation will remain open for any reason, provided that such period does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of the extension of such period or an early closing, notice will be posted on the website of the JSE at www.jamstockex.com

It is the intention of the Company to apply to the JSE to list the New Ordinary Shares as are issued pursuant to this Prospectus on the Junior Market of the JSE. However, please note that this is a statement of intent and not a guarantee that the Ordinary Shares will be so listed. The Company no guarantee that any of the New Ordinary Shares will be admitted to listing. **The Company intends to apply to the JSE to graduate from the Junior Market of the JSE to the Main Market of the JSE within 90 days of a successful invitation. However, please note that this is a statement of intent and not a guarantee that such graduation will be approved by the JSE.**

Use of proceeds:

The gross proceeds from the Invitation, assuming that it is fully subscribed at the Invitation Price of J\$1.87 per share, will be \$1,785,000,000 of which approximately J\$80,000,000 is expected to be used to pay transaction costs. The net proceeds from the Invitation are expected to be \$1,705,000,000.

The Company intends to use the proceeds from the sale of their Ordinary Shares to repay existing loan of approximately US\$9.5 million (J\$1.4 billion) owed to CIBC Caribbean Bank (Jamaica) Limited (formerly FirstCaribbean International Bank (Jamaica) Limited) as a result of the acquisition of Rose Electronics Distributing Company.

It will all be used to repay monies owed on outstanding bonds of approximately J\$300 million, settle all transaction related costs and to apply towards general working capital for growth opportunities.

In the event that the Company is only able to raise the minimum amount of J\$1.0 billion, the Company will use the proceeds towards repaying the CIBC loan and settle all transaction related costs.

Details on expenses related to this Invitation, which will be paid from the proceeds of the Invitation, are contained in Section 16 - **Statutory and General Information**.

Section 9 Risk Exposure

Macroeconomic policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behaviour of capital markets including the Junior Market of the JSE. Such changes in policies may create opportunities as well as challenges for the Company. This is a risk that is not faced by the Company alone, but also by any domestic trading business although the risk could have a particular impact on its particular business model.

Foreign Currency Risk

The Company purchases most of its products from international suppliers and therefore payment is settled in United States dollars. Given that Tropical Battery quotes all its prices for goods sold to its customers in Jamaican Dollars, then the Company is exposed to foreign exchange losses as they may not be able to adjust prices in line with the pace of depreciation. Further, the presence of other competitors in the market, may limit the ability of the Company to adjust prices in a timely manner to make allowance for depreciation. If the Company is unable to adjust prices at the pace of depreciation, then it would adversely impact earnings and therefore reduce expected growth in returns to shareholders.

Risk relating to Marketability of the Shares

The Shares, though listed on the Jamaica Stock Exchange, may not be readily saleable due to lack of sufficient demand. Shareholders who may want to “cash-out” therefore, may not be able to do so in a timely manner at their desired price and may sell their shares at a discount.

Risks of hurricane, fire and other Acts of God

Catastrophic events affecting Jamaica such as hurricane(s) and earthquake(s) may severely impact economic activity in Jamaica and by extension, the operations of the Company. The properties from which the Company carries on business are susceptible to loss or damage by fire, hurricane, earthquake, flood and other perils. The Company maintains customary fire and peril insurance on all key equipment and products.

Thin Market in Company’s Shares

The Junior Market of the Jamaican Stock Exchange is relatively small and the market in the Company’s Shares may be relatively thin compared to larger capital markets. This means that trades in small quantities of the Company’s Shares may trigger wide swings (up or down) in the market price of the Shares and may make it easier for the stock price to be manipulated.

Competition

Competition from existing and new providers of batteries, tyres, and automotive products may erode the Company's client base which would negatively impact on the profitability of the Company's business. Competitors may bring new services or technologies to the market or lower the product/service prices. The Company may be forced to respond to any such changes, for example by lowering prices or investing in new equipment/infrastructure earlier than planned.

Liability Claims

As a provider of batteries, tyres and automotive products, the Company is exposed to claims from customers and employees for damages relating to negligence or injury. Any such claim against the Company may result in reputational damage and loss of goodwill. Successful claims may, subject to the Company's liability insurance cover, impact negatively on the Company's financial position and future prospects.

New Technologies/Products

The development of new and improved batteries, tyres and automotive products is an ongoing process. Changes in technology made use of for the supply of products and services by the Company may be beyond the reach of the Company to respond in a timely manner, significantly impacting the Company's financial position and future prospects.

Key Personnel

It is important that the Company attracts and retains appropriately skilled persons in order to operate its business, and to promote its growth. It is also important for the Company to replace personnel whose employment may be terminated for any reason, within a reasonable time. In Jamaica(now also a growing trend globally), competition for qualified personnel can be intense, as there are a limited number of persons with the requisite skills, knowledge and experience to execute the Company's mandate. The Company will need to attract and retain honest and qualified personnel and failure to do so could have a material adverse impact on the Company's future prospects.

Exposure to Hazardous Materials

Employees, agents, contractors, service providers and customers may be exposed to hazardous materials used in the manufacture of products supplied by the Company and/or by the delivery of certain services to customers.

Operational Risk

The Company is subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events. This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity. The Company has implemented a comprehensive risk management strategy, including a Business Continuity Plan, internal controls with regular audits, regulatory compliance frameworks, and employee training. This ensures resilience through robust IT and cybersecurity measures, physical asset protection, and insurance policies, while developing a reputation management plan to address public concerns.

Termination of Contractual Relationships

The successful operations of the Company depend on the continuance of the contractual relationships with significant overseas suppliers of products. There is a risk that some of the contracting parties may choose other parties to distribute their products. If such relationships were terminated or impaired, the Company's turnover and profits may suffer in the short to medium-term while it takes steps to increase sales of its other products, develop alternative products, and attract and build relationships with other key partners. The Company is also in good standing with all its third-party brand owners.

New accounting rules or standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is not faced by the Company alone but also, by all trading businesses.

Admission of the shares to the Main Market of the JSE

After the Closing Date, and assuming that the Company is able to raise \$1,000,000,000.00 as a result of the Invitation by the Closing Date, the Company will make application to the JSE to admit the Shares to the Main Market. However, the Company is not able to guarantee the full subscription of the Shares in the Invitation or the admission of the Shares to the Main Market.

Volatility in price of Shares

Following their proposed admission to trading on the Main Market the Shares may experience volatility in their market price which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control.

Tax domicile

The Company is incorporated in Jamaica and its principal financial, legal, and accounting advisers and auditors are also based in Jamaica. There are taxation risks associated being listed on the Junior Market. The applicable tax waivers are conditional upon the Company remaining listed on the Junior Market and or the main market of the Jamaica Stock Exchange for a continuous prescribed period. If the Company fails to remain listed for such prescribed period then it may become liable to pay all income tax earlier remitted, with respect to the years when it enjoyed the remission.

A company listed on the Junior Market of the JSE is eligible for full exemption from income tax on their profits in the first five years from the date of admission to the Junior Market, with a 50% exemption from income tax on their profits in the next succeeding five years. If this Offer is successful, the Company intends to apply to the JSE to graduate from the Junior Market of the JSE to the Main Market of the JSE within 90 days of a successful invitation. Given that the Company has been listed for four years, in the event of a successful migration to the Main Market the Company will be foregoing the aforementioned tax benefits.

Future Pandemic Risk

The Company is susceptible to wider risks in its operating environment, which include pandemic risks that may impede business operations and/or the functioning of the wider economy. This risk might include a reemergence of the coronavirus (original and/ or new variants) as well as possible other new pandemics associated with novel/reemerging viruses. We, however, emphasise that this risk is not unique to the Company, as both domestic and global businesses are exposed to this risk factor.

The Company's strategy for managing this risk includes but is not limited to the following:

- Maintaining relationships with multiple suppliers where possible as a future pandemic can disrupt supply chains leading to delays in receiving critical supplies which could negatively impact the Company's ability to deliver its services.
- Investment in remote work infrastructure for roles that do not require physical presence.
- Cross-Training employees to ensure operations can continue in the event that key personnel are unavailable.

Risk Management

The Company's goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise and that it adheres strictly to the policies and procedures, which are established to address these potential risks and that it establishes insurance (where prudent and commercially reasonable to do so) to minimize on loss and damage that the Company may suffer as a result of liability claims. The Board of Directors of the Company is ultimately responsible for the overall risk management policies of the Company. The Board's Audit Committee will oversee the Company's risks policies and procedures relating to the financial statements and reporting process as well as the internal controls of the Company. The Board's Remuneration Committee will oversee risks related to compensation/remuneration.

Threshold responsibility for risk management will be assigned to the Chief Executive Officer who, as part of his duties, will be required, on a day-to-day basis, to identify, assess, monitor and manage all principal risks in accordance with well-defined policies and procedures. Risk reporting will be an item on the agenda of each regular Board Meeting. This approach will allow the Company to develop early warning signals that monitor changes in risk affecting its operation and financial performance. The Directors do not guarantee that changes in the local and international markets will not have any materially adverse impact on the Company's financial results.

No guarantee that the Company will pay dividends

Any dividends on the Shares will be dependent upon the performance of the Company. The Company's dividend policy is set out in Section 10 and should not be construed as a dividend forecast. Under Jamaican law a company can only pay dividends to the extent that it has distributable reserves and cash on hand to pay such dividends. Even where the Company has distributable reserves the Directors may decide not to pay dividends if to do so would render the Company inadequately capitalized or if for any other reason the Directors considers that paying dividends at that time would not be in the best interest of the Company. No dividends can be paid unless recommended by the Directors.

New Technology

With the increase of electric vehicles, this will reduce the demand for lead acid batteries over time. Lead acid batteries are our core product presently. The Company will look at supplying replacement lithium-ion batteries for electric cars. The Company will also investigate the possibility of installing metered charging stations in public parking lots such as malls, paid parking areas and government buildings. The Company is also exploring an electrical maintenance service for electric vehicles at Tropical Battery locations.

Dumping of cheap and inferior products in the market

As the first world countries move to electric cars the lead acid battery manufacturers in countries that traditionally manufacture lead acid batteries will slowly go out of business. This will bring about a dumping of cheap and inferior products to third world countries such as Jamaica. This could have a potential impact on our sales. Tropical Battery as the leading battery supplier will monitor the situation and seek protection through the Bureau of Standards or Anti-Dumping and Subsidies Commission where appropriate.

Section 10 Information about the Company

Company Overview

Tropical Battery Company Limited (“Tropical Battery”) is a provider of energy storage solutions, with headquarters in Kingston, Jamaica, and a growing presence in the **United States** and the **Dominican Republic**. This geographic expansion positions Tropical Battery to tap into substantial growth opportunities, particularly in the renewable energy and energy storage sectors, where demand for sustainable solutions is rising rapidly.

In Jamaica, Tropical Battery operates two distribution centres in Kingston and Montego Bay, six retail stores across Ocho Rios, Mandeville, Montego Bay, and two in Kingston, and services a network of approximately 1,000 resellers, including gas stations, auto parts stores, and other retail outlets.

History and Evolution

Founded in 1950 by Tex Williams, Tropical Battery was acquired by **John Melville** in 1967 and remains under the control of the Melville family today. The company began as a manufacturer of lead-acid storage batteries before transitioning in the 1990s to focus on distribution. Over the past three decades, Tropical Battery has now emerged as a player in the design, manufacture, distribution, and retail of mission-critical energy storage solutions.

Today, Tropical Battery is not only a player in Jamaica but is leveraging its strong subsidiary brands and respective leadership teams to scale operations internationally. Its recent entry into the U.S. and Dominican Republic markets demonstrates the company’s capacity for growth and innovation, expanding its influence in markets poised for rapid adoption of sustainable energy solutions.

Strategic Focus

With its focus on **sustainability and cutting-edge technology**, Tropical Battery is at the forefront of energy storage and renewable energy, offering solutions for automotive, industrial, and renewable applications. Whether for vehicles, smart meters, medical devices, marine equipment, forklifts, or industrial uses, the company provides reliable energy storage products that meet the evolving needs of its diverse customer base.

Subsidiaries and Expansion

Tropical Battery’s growth strategy is driven by its subsidiaries, each addressing key opportunities in the energy and mobility sectors:

- **Tropical Renewable Energy:** This subsidiary was established to cater to the growing demand for clean energy in the Caribbean. It focuses on the development, procurement, and project management of renewable energy solutions, working with consumers, installers, and EPC (engineering, procurement, and construction) firms to support the region’s transition to energy independence.

- **Tropical Mobility Limited (herein “Tropical Mobility”):** Tropical Mobility is an importer/dealer of new and lightly used electric vehicles, offering sales, after sales parts and service, and warranty support on vehicles sold by the company. The company has built a portfolio of full electric vehicles for several market segments, including
 - electric motorbikes for consumers and last mile delivery fleets,
 - electric ATVs for the tourism market,
 - electric passenger vehicles for personal transportation and corporate fleets, and
 - electric coach and coaster buses for tourism operators, institutional transportation, and inter-city transport.

Tropical Mobility was awarded a grant by the Development Bank of Jamaica to build the Tropical Delivery mobile app and commercialize a last mile delivery service, enabling the digitalization of Tropical Battery’s logistics and mobile response teams and driving the demand for and utilization of battery electric vehicles in the last mile delivery segment for group companies and third-party business partners. This pioneering initiative seeks to decarbonize last mile delivery, reduce tailpipe emissions and eliminate noise pollution associated with the explosive growth of e-commerce and associated delivery services while making transactions and every day purchases more convenient.

- **Tropical Finance (herein “Tropical Finance Limited”):** This affiliate is aimed at expanding access to renewable energy and electric mobility solutions, Tropical Finance is working with local and regional commercial banks, insurance companies and multilateral financial institutions to develop and broker loan and insurance products for the renewable energy and EV markets and will function as a broker/reseller of these products to customers of sister companies Tropical Renewable Energy and Tropical Mobility. Tropical Finance is working with fund managers to deploy capital into leasing structures to build a portfolio of renewable energy assets in partnership with large commercial and industrial customers that want to lock in long term energy savings. Tropical Finance was registered with the Companies Office of Jamaica in 2022 and established a special purpose vehicle to facilitate leasing structures in 2024, but has yet to launch operations, pending the signing of letters of intent with renewable energy and electric mobility customers and financial partners.

These subsidiaries are in early-stage development, and their financial results are currently consolidated within the parent company, Tropical Battery.

Strategic Acquisitions and Global Expansion

Tropical Battery’s entry into large, fast-growing markets has been accelerated by strategic acquisitions:

- **Kaya Energy Group, SRL:** Based in the Dominican Republic, Kaya Energy is a provider of renewable energy solutions, specialising in solar power installations, energy management systems, and project financing. With the 51% acquisition of Kaya Energy, Tropical Battery has significantly expanded its footprint into a market five times larger than Jamaica’s, underscoring its commitment to driving clean energy adoption across the Caribbean.
- **Rose Electronics Distributing Company (Rose Batteries):** Acquired in 2024, Rose Electronics

is a Silicon Valley-based provider of mission-critical energy storage solutions. The acquisition has strengthened Tropical Battery’s foothold in the U.S. market, aligning the company with the innovative, high-tech culture of Silicon Valley. Rose Electronics specialises in custom battery packs for critical sectors such as aerospace, defence, medical devices, and industrial automation, positioning Tropical Battery as a global leader in advanced energy storage solutions. Rose ships their products to an extensive list of countries including the following:

- | | | | |
|---------------|------------------|---------------|-----------------------|
| • Australia | • Bangladesh | • Brazil | • Canada |
| • China | • Estonia | • Finland | • France |
| • Germany | • Guatemala | • Hong Kong | • India |
| • Indonesia | • Israel | • Italy | • Republic of Korea |
| • Kuwait | • Mexico | • Netherlands | • New Zealand |
| • Philippines | • Poland | • Puerto Rico | • Saint Kitts & Nevis |
| • Samoa | • Saudi Arabia | • Singapore | • South Africa |
| • Spain | • Sweden | • Taiwan | • Thailand |
| • UAE | • United Kingdom | • USA | • Vietnam |

With operations now spanning three countries - Jamaica, the United States, and the Dominican Republic - Tropical Battery is well-positioned to leverage these large markets to accelerate growth, expand its product offerings, and meet the increasing global demand for renewable energy and energy storage solutions.

Customer Support and Distribution

Tropical Battery serves a broad range of customers, including gas stations, auto parts dealers, garages, fleets, and mega-stores. The company typically maintains an inventory representing three months of sales to ensure it can meet demand efficiently. In addition to product distribution, Tropical Battery provides technical support for its customers, including handling warranty claims, training dealers, and offering free battery replacement services.

Tropical Battery’s retail operations contribute significantly to sales and gross profit while also supporting its dealer network with pricing, warranty activation, and technical assistance. Warranties for batteries range from 6 to 30 months, depending on the product and application.

The company’s distribution capabilities are further strengthened by its fleet of delivery trucks, an island wide sales team, and mobile response units, ensuring prompt and reliable service.

Environmental Commitment

Tropical Battery is dedicated to environmental sustainability. It is a licensed exporter of spent batteries and operates as a National Environment and Planning Agency (NEPA)-registered collection centre for used batteries. The company ensures the environmentally responsible disposal of batteries by exporting them to licensed recycling plants, with over 90% of the materials used in battery manufacturing being

recyclable. Tropical Battery provides customers with detailed records of all collections and exports, reflecting its commitment to eco-friendly practices.

Competitive Landscape

In Jamaica, Tropical Battery maintains a strong market position, with an estimated 65% share of the local battery sales market. The company's long-standing reputation, supported by quality products, comprehensive warranty offerings, and a reliable distribution network, continues to distinguish it from competitors such as AC Delco, Daewoo, Rocket, Miatsu, and Track.

Mission Statement

Tropical Battery's mission is to provide the highest quality energy storage solutions at competitive prices, cultivate a highly competent and motivated workforce, and operate with the utmost integrity. Through innovation and strategic expansion, Tropical Battery aims to lead the energy sector in Jamaica, the Caribbean, and beyond, delivering sustainable energy solutions that meet the demands of a rapidly changing world.

Details of the Authorised and Issued Share Capital and the Shares in the Invitation

Capital Structure of the Company

As at the date of issue of this Prospectus, the authorised and issued ordinary shares of the Company was as follows:

Authorised: Unlimited Shares

Issued: 1,369,377,273

Maximum Number of New Ordinary Shares to be issued in the Invitation – 1,122,994,652

Shareholdings in the Company Before and After the Invitation

As at the date of issue of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

Name of Shareholder	Number of Shares before Opening Date of Invitation	% of Issued Shares before Opening Date of Invitation
DAI DIVERZE (JAMAICA) LIMITED	975,000,000	71.20%
CONSCIOUS CAPITAL INC	41,250,000	3.01%
CHRISTOPHER J. WUNDERLICH	35,227,273	2.57%
SYGNUS CAPITAL GROUP LIMITED	20,000,000	1.46%
TROPICAL BATTERY COMPANY LIMITED CONTRIBUTORY PENSION SCHEME	13,035,000	0.95%
DANIEL MELVILLE	12,708,437	0.93%
NCB CAPITAL MARKETS LTD. A/C 2231	11,302,943	0.83%
PAM - POOLED EQUITY FUND	11,129,476	0.81%
TROPICAL BATTERY COMPANY LIMITED PENSION FUND	10,000,000	0.73%
PRIME ASSET MANAGEMENT JPS EMPLOYEES SUPERANNUATION FUND	9,187,924	0.67%
GENERAL PUBLIC	230,536,220	16.84%
TOTAL	1,369,377,273	100.00%

After the subscription lists for the Invitation are closed, and assuming that the Invitation is fully subscribed by the public and also, by the Reserved Share Applicants, the percentage shareholdings in the Company will be as follows:

Name of Shareholder	Number of Shares after Opening Date of Invitation	% of Issued Shares after Opening Date of Invitation
DAI DIVERZE (JAMAICA) LIMITED	975,000,000	41.95%
KEY STRATEGIC INVESTORS	267,379,679	11.51%
CONSCIOUS CAPITAL INC	41,250,000	1.78%
CHRISTOPHER J. WUNDERLICH	35,227,273	1.52%
SYGNUS CAPITAL GROUP LIMITED	20,000,000	0.86%
TROPICAL BATTERY COMPANY LIMITED CONTRIBUTORY PENSION SCHEME	13,035,000	0.56%
DANIEL MELVILLE	12,708,437	0.55%
NCB CAPITAL MARKETS LTD. A/C 2231	11,297,943	0.49%
PAM - POOLED EQUITY FUND	11,129,476	0.48%
TROPICAL BATTERY COMPANY LIMITED PENSION FUND	10,000,000	0.43%
PRIME ASSET MANAGEMENT JPS EMPLOYEES SUPERANNUATION FUND	9,187,924	0.40%
GENERAL PUBLIC	917,701,996	39.49%
TOTAL	2,323,922,728	100.00%

Intellectual Property

As at the date of issue of this Prospectus, the Company has the following interests in intellectual property:

Trademark	Trademark Number	Expiration Date
Tropical Battery Company Limited	12086	25-Mar-32
Tropic Power	62536	01-May-33
Power Plus Battery	56054	19-Jul-30
Pure Power	62537	01-May-33
Ready Power Battery	59746	06-Feb-32
Super Power Battery	59745	06-Feb-32
Caribrake	27531	29-Sep-31
Tropicool	22956	29-Dec-29
Bolt Battery	59682	06-Feb-32

The Company also has the following interests in intellectual property, registered with the United States Patent and Trademark Office (USTPO):

Trademark	Trademark Registration Number	Issue Date
Tropical Battery	7568851	November 19, 2024
TROPICAL	7568823	November 19, 2024
STRONGER FOR LONGER	7568824	November 19, 2024

Real Property

Effective September 30, 2024 Tropical Battery Company Limited acquired the property known as Lot 12, Ferry Pen now called Kingston 876, Commercial Park comprised in Certificate of Title registered at Volume 1532 Folio 747; Civic Address being 12 South Street, Kingston 20 in the Parish of Saint Andrew

which was previously leased from Diverze Properties Limited.

Material Contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company with the following persons (“counterparties”) in the 2 years preceding the date of issue of this Prospectus:

Date	Counterparty	Brief Details
January 2024	Sygnus Capital Limited	Letter of Engagement for the provision of Arranger, broker and listing agent services in Relation to the APO.
October 2024	NCB Capital Markets Limited.	Letter of Engagement for the provision of broker and listing agent services in Relation to the APO.
October 2024	Sagicor Investments Jamaica Limited.	Letter of Engagement for the provision of broker and listing agent services in Relation to the APO.

*Tropical Battery also has a mentor agreement with Jeffrey Hall (as Mentor) dated September 2020

Leases

Property	Lessor	Lessee	Currency Denomination	Term/Lease Expiration
Parcels of land at No. 1 Grove Road, St. Andrew being part of the land comprised in Certificate of Title at Volume 1009 Folio 326 of the Register Book of Titles	Diverze Properties Limited	Tropical Battery Company Limited	J\$	Ten (10) year to expire on April 1st 2030
Strata Lot No. 17, 24, 25 and 26 being Shop #24, Catherine Hall Trade Centre, Montego Bay, St. James	Diverze Properties Limited	Tropical Battery Company Limited	J\$	Ten (10) year to expire on April 1st 2030
Parcel of land part of Lot 12 Cumberland Pen, in the parish of	Diverze Properties	Tropical Battery	J\$	From year to year

St. Andrew	Limited	Company Limited		
Parcel of land part of Coconut Grove in the parish of St. Ann being part of the land comprised in Certificate of Title registered at Volume 1261 Folio 300 of the Register Book of Titles	Donovan Champagne	Tropical Battery Company Limited	J\$	One (1) year from May 1, 2024
All that parcel of land comprised in Certificate of Title registered at Volume 1276 Folio 888 of the Register Book of Titles	Clinton Marson	Tropical Battery Company Limited	J\$	Renewal effective from January 1, 2020 for a further Five (5) year period

The material contracts referred to in this section that are documented arrangements (together with certain other documents) will be available for inspection as described in Section 15.

The Company and its business benefits from significant and long-standing contractual relationships with several suppliers domiciled in different countries around the world. These contractual relationships were developed over many years and have contributed to the development of the Company's business over time. The Company continues to enjoy excellent relationships with its overseas Suppliers and local Distributors, many of which Distributors distribute exclusively Tropical Battery products. Through graduated pricing arrangements, optimal supply chain management and excellent product offerings, the number of Distributors has grown to over 1,000 across Jamaica.

Litigation

As at the date of issue of this Prospectus, there were no litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances that may give rise to such proceedings.

Dividend Policy

If in any accounting period the Company has profits available for distribution, the Company (so far as it is legally able) and each of the Shareholders shall procure that those profits are applied in the following order of priority:

1. Providing working capital to finance the continuing operations and internal growth of the Company;
2. Transfers to reserves consistent with the normal commercial requirements of businesses similar to that carried on by the Company; and
3. The payment of cash dividends up to fifty percent (50%) of the balance of such profits available for distribution.

The record of dividends declared and paid on Tropical Battery's existing ordinary shares is as follows:

Record of Common Dividends Declared and Paid:			
Payment Date	Class	Total (JS)	Per Unit (JS)
30-Jan-23	Ordinary	52,000,000	0.04
31-Jan-22	Ordinary	25,264,557	0.02
31-Mar-21	Ordinary	13,000,000	0.01

Insurance Arrangements

Tropical Battery's current insurance policies are listed below. All policies are subject to renewal on the expiry dates indicated below.

Class of Insurance	Insurer	Expiry date
Public & Products Liability	British Caribbean Insurance Company (BCIC)	October 31, 2025
Group Health Insurance	Guardian Group	September 30, 2025
Employee Care- Life Group Insurance Policy	NCB Insurance Company Limited	January 31, 2025
Motor Policies	The Insurance Company of the West Indies (ICWI)	September 30, 2025
Commercial All Risks Package	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Consequential Loss	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Computer All Risks	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Electronic Equipment All Risks	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Marine Cargo – open cover	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Fire & Allied Perils	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Fidelity Guarantee	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Goods in Transit	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Group Personal Accident	The Insurance Company of the West Indies (ICWI)	October 1, 2025
Loss of Money	The Insurance Company of the West Indies (ICWI)	October 1, 2025

Charges Registered Against the Company (Companies Office of Jamaica)

The following Charges have been registered as a subsisting Charge under the Security Interests in Personal Property Registry.

DATE OF REGISTRATION	DATE OF CHARGE	TYPE OF CHARGE	AMOUNT SECURED	PERSONS ENTERING CHARGE	MATURITY DATE
17 th April, 2019	10 th April, 2019	Debenture	J\$300,000,000.00	JCSD Trustee Services Limited of 40 Harbour Street, Kingston.	July 1, 2025
25 th September, 2023	21 st February, 2023	Debenture	J\$248,000,000.00	JCSD Trustee Services Limited of 40 Harbour Street, Kingston.	March 26, 2026
3 rd September, 2024	24th May, 2024	Debenture	US\$9,500,000	First Caribbean International Bank (Jamaica) Limited	May 24, 2025

The indebtedness by the Company to various Secured Creditors as described in the below Table (reflected in the Register of Charges with respect to the Company maintained at the Companies Office of Jamaica AND on the Security Interests in Personal Property Register) has in each case been paid in full and the Company is entitled to obtain from such Secured Creditors (including any Secured Creditors succeeding the Secured Creditors named in the Table) Discharges and/or Releases and/or Notices in confirmation of all indebtedness having been paid in full. The Company has sought and continues to seek to obtain from all such Secured Creditors and their successors, where applicable, the necessary Discharges and/or Releases and/or Notices for filing with the Companies Office of Jamaica and recording on the Security Interests in Personal Property Register so that the Register of Charges at the Companies Office of Jamaica and on the Security Interests in Personal Property Register can be updated as required.

Date of Registration	Date of Charge	Type of Charge	Amount Secured	Persons Entering Charge	Memo of Satisfaction
5th January, 2006	30th September, 2005	Mortgage	US\$265,000	National Commercial Bank Jamaica Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
5th January, 2006	12th October, 2005	Mortgage	US\$220,000	National Commercial Bank Jamaica Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
10th January, 2006	1st February, 2006	Bill of Sale	J\$1,548,000	DB&G Merchant Bank Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
27th January, 2006	12th October, 2005	Mortgage	US\$220,000	DB&G Merchant Bank Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
14th February, 2006	4th October, 2005	Mortgage	US\$358,000	National Commercial Bank Jamaica Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
20th June, 2006	14th June, 2006	Bill of Sale	J\$1,480,000	DB&G Merchant Bank Limited	Indebtedness repaid. Proof to be filed with

					the Companies Office.
20th September, 2006	8th September, 2006	Bill of Sale	US\$197,400	DB&G Merchant Bank Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
30th October, 2006	19th October, 2006	Mortgage	J\$6,000,000	Bank Jamaica Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
30th March, 2007	7th March, 2007	Bill of Sale	US\$45,840	DB&G Merchant Bank Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
14th June, 2007	11th April, 2006	Bill of Sale	J\$20,000	DB&G Merchant Bank Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
20th July, 2007	30th April, 2007	Assignment of Term Insurance Policy	J\$17,000,000	National Commercial Bank Jamaica Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
1st November, 2007	4th June, 2007	Bill of Sale	J\$15,730,000	Pan Caribbean Merchant Bank Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
20th February, 2009	25th October, 2007	Mortgage (Upstamped)	J\$61,650,000	Pan Caribbean Financial Services Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
20th February, 2009	3rd November, 2006	Mortgage	€7,655,000	Pan Caribbean Financial Services Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
20th February, 2009	3rd November, 2006	Debenture	€7,655,000	Pan Caribbean Financial Services Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
25th October, 2011	25th August, 2011	Mortgage	J\$7,000,000	National Commercial Bank Jamaica Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
16th December, 2011	14th October, 2011	Mortgage	J\$375,000,000	Proven Wealth Limited	Indebtedness repaid. Proof to be filed with the Companies Office.
22nd March, 2012	25th August, 2011	Mortgage	J\$7,000,000	National Commercial Bank Jamaica Limited	Indebtedness repaid. Proof to be filed with the Companies Office.

Section 11 Share Capital Structure

The share capital of the Company is divided as follows.

<u>Class</u>	<u>Authorised</u>
Ordinary Shares	Unlimited
Preference Shares	130,000

The issued share capital of the Company is as follows.

Issued Ordinary Shares - 1,369,377,273

Issued Preference Shares - 130,000

Shareholdings in the Company as at the date of this Prospectus are as follows:

Name of Shareholder	Number of Shares before Opening Date of Invitation	% of Issued Shares before Opening Date of Invitation
DAI DIVERZE (JAMAICA) LIMITED	975,000,000	71.20%
CONSCIOUS CAPITAL INC	41,250,000	3.01%
CHRISTOPHER J. WUNDERLICH	35,227,273	2.57%
SYGNUS CAPITAL GROUP LIMITED	20,000,000	1.46%
TROPICAL BATTERY COMPANY LIMITED CONTRIBUTORY PENSION SCHEME	13,035,000	0.95%
DANIEL MELVILLE	12,708,437	0.93%
NCB CAPITAL MARKETS LTD. A/C 2231	11,302,943	0.83%
PAM - POOLED EQUITY FUND	11,129,476	0.81%
TROPICAL BATTERY COMPANY LIMITED PENSION FUND	10,000,000	0.73%
PRIME ASSET MANAGEMENT JPS EMPLOYEES SUPERANNUATION FUND	9,187,924	0.67%
GENERAL PUBLIC	230,541,220	16.84%
TOTAL	1,369,377,273	100.00%

Shareholdings of Ordinary Shares in the event the Invitation is fully subscribed by Applicants will be as follows.

Name of Shareholder	Number of Shares after Opening Date of Invitation	% of Issued Shares after Opening Date of Invitation
DAI DIVERZE (JAMAICA) LIMITED	975,000,000	41.95%
KEY STRATEGIC INVESTORS	267,379,679	11.51%
CONSCIOUS CAPITAL INC	41,250,000	1.78%
CHRISTOPHER J. WUNDERLICH	35,227,273	1.52%
SYGNUS CAPITAL GROUP LIMITED	20,000,000	0.86%
TROPICAL BATTERY COMPANY LIMITED CONTRIBUTORY PENSION SCHEME	13,035,000	0.56%
DANIEL MELVILLE	12,708,437	0.55%
NCB CAPITAL MARKETS LTD. A/C 2231	11,297,943	0.49%
PAM - POOLED EQUITY FUND	11,129,476	0.48%
TROPICAL BATTERY COMPANY LIMITED PENSION FUND	10,000,000	0.43%
PRIME ASSET MANAGEMENT JPS EMPLOYEES SUPERANNUATION FUND	9,187,924	0.40%
GENERAL PUBLIC	917,701,996	39.49%
TOTAL	2,323,922,728	100.00%

Section 12 The Board of Directors/Management of the Company/Corporate Governance



Board of Directors

Marc Melville, OD, Chairman

Marc Melville has over 31 years' experience in the business of the group, starting with his tenure at Tropical Battery on April 1, 1996 where he was committed to learning the business "from the ground up". Marc rose to hold the position of General Manager and is currently the Chairman of Tropical Battery where he is responsible for strategic planning. Marc

is also the CEO of the Chukka Group, with operations in Jamaica, Belize, Cayman, Barbados, Turks and Caicos. Marc has been a member of the Board of the Jamaica Tourist Board since 2013.

Alexander Melville, CEO - Tropical Battery

Alexander Melville has served as CEO of Tropical Battery since January 1, 2015, bringing over 30 years of experience in the energy storage and automotive industries. Starting from roles such as warehouse and receivables clerk and finance director, Alexander has played a pivotal role in the company's significant transformation and growth.

Alexander envisioned and led the effective Initial Public Offering (IPO) of Tropical Battery, successfully listing the company on the Jamaica Stock Exchange (JSE) in September 2020, further solidifying its financial foundation and growth potential.



Under his leadership, Tropical Battery expanded beyond Jamaica, strategically entering the Dominican Republic and U.S. markets. He led the acquisition of Kaya Energy Group in the Dominican Republic, positioning the company as a key player in the region's renewable energy sector, and Rose Batteries in San Jose, California, marking Tropical Battery's entry into the U.S. market with advanced energy storage solutions.

In addition to his role at Tropical Battery, Alexander serves on the board of Eppley Limited, where he is involved in the Audit and Remuneration Committees, and holds leadership roles in the Chukka Group, including as Treasury Director of Chukka Caribbean Adventures Ltd.

His strategic vision and leadership in driving international expansion and complex acquisitions have positioned Tropical Battery as a significant player in the Caribbean and U.S. energy markets, ensuring sustainable growth and long-term success for the company.

Daniel Melville, COO - Tropical Battery

On May 19, 2016, Daniel took up the role of the VP of Sales & Marketing at Tropical Battery, where his skills allowed him to lead the sales team and execute successful customer service strategies. Since taking over this role the sales have grown by more than 15% annually on average. He teams up with all department heads to brainstorm, motivate, and inspire our fellow employees while overseeing business operations. In June 2021 he was promoted to Chief Operating Officer COO. Daniel is also a board member, and his mandate is to ensure that Tropical Battery is constantly moving toward fulfilment of its short-term and long-term goals and does not diverge from its strategic plan.



Before Tropical Battery, he worked for over 14 years at the Chukka Group. Both on the operating side and the marketing team. Before that, with Carnival Cruise Lines which helped him to gain a unique understanding of visitors' vacation preferences and needs.

Ricardo Hutchinson, MSc., CFA, Non-Executive Director

Ricardo Hutchinson joined the Board of Tropical Battery on June 2, 2017. Ricardo has more than 10 years' experience in the Caribbean banking sector providing corporate banking and capital markets solutions to clients across the Caribbean region. Before joining Portland Private Equity, Ricardo held the role of Associate Director of Investment Banking with a leading regional commercial bank where he was responsible for leading the structuring and successful placement of several capital markets transactions. He holds a Master of Science degree in Economics from the University of the West Indies and is a Chartered Financial Analyst (CFA) holder.



Caryl Fenton, FCCA, FCA, Independent Director

Caryl Fenton is a Chartered Accountant, having retired as an audit partner on September 30, 2011, from the firm KPMG Chartered Accountants. She joined the Board of Tropical Battery on January 13, 2020. During her 30 years at KPMG, she held engagement partner responsibility for a large portfolio of KPMG's clients and the human resources area of that firm's administration. Audits included some of Jamaica's largest general insurance companies and two life insurance companies. Within KPMG, her other responsibilities included being Head of Audit for the Jamaican member firm and KPMG CARICOM. This role involved oversight of quality control and training. Ms. Fenton chaired the Accounting Standards Committee of the Institute of Chartered Accountants of Jamaica for over eight years and represented that body on the Council of the Jamaica Stock Exchange.



Marc Ramsay, Esq., Independent Director

Marc Ramsay joined the Board of Tropical Battery on January 13, 2020. Marc is an Attorney-at-Law called to the Bar in Barbados, Jamaica, and Belize and a Professionally Accredited Corporate Secretary and Professionally Accredited Director (GovStrat). As Managing Partner of Ramsay & Partners, Attorneys-at-Law, his practice focuses on mergers and acquisitions, finance, and international trade, including advising Diverze Assets Inc, Tropical Battery Company Limited and the Chukka Group. He is an Approved Mentor by the Jamaica Stock Exchange.

Marc has served on several private and public sector boards including One Great Studio Limited, Aeronautical Telecommunications Limited (AEROTEL), Jamaica Civil Aviation Authority, Teacher Services Commission, and Key Insurance Company Limited. Passionate about service, Marc was Chairman of the Kingston and St. Andrew Parish Library Service Advocacy Committee, an Adjunct Lecturer at the University of the West Indies Faculty of Law, and coach to the international law mooting team at the Norman Manley Law School.

Itamar Frankenthal, MBA Hons., Non-Executive Director

Itamar Frankenthal is the Founder and Managing Director of New Concord Capital, LLC. As an Electrical Engineer, Mr. Frankenthal is well-versed with batteries and the technology industry at large. He gained technical experience as a systems and software engineer at the Information and Electronic Warfare division of BAE Systems where Mr. Frankenthal developed next-generation technology for the F-15 radar system and counter-missile defense systems for the Department of Homeland Security.



Mr. Frankenthal gained production, operational, management, and marketing experience at Global Foods International (“GFI”), a niche custom foods specialty manufacturer, where he led a division, reported directly to the CEO, and was one of three members of the executive team. Mr. Frankenthal gained financial skills as a quantitative financial analyst at Sanford Bernstein Alliance Capital (“AB”). At AB, Itamar researched and created modules for a patented model to forecast global capital markets and asset classes using advanced regression techniques resulting in an analysis of \$50B in investments and new business of \$1B in Europe and Asia.

Mr. Frankenthal holds a B.S. in Electrical Engineering from the City University of New York where he led his team to win the capstone robotics competition and graduated summa cum laude. He holds an M.B.A. from Harvard Business School where he graduated with EC Honors. Mr. Frankenthal joined the board of Tropical Battery Company Limited in February 2024.



Andrew Cramer, MIA, Executive Director

Mr. Andrew Cramer is a co-founder and COO of KAYA and oversees project development and implementation processes. He is a frequent speaker at regional energy and technology conferences including the MIT Technology Review’s EmTech and the Caribbean Renewable Energy Forum – on topics including the role disruptive technologies like machine learning will play in the renewable energy industry.

Before KAYA, Mr. Cramer worked with the United Nations as a post-conflict electoral consultant in countries including Timor-Leste, Nepal, Sudan, Comoros, Afghanistan, and Libya.

In 2017, Mr. Cramer was selected to be among 90 thought leaders from around the world to participate in a program – funded by Google and based on the NASA Ames Research Facility in Silicon Valley – to examine how exponential technologies can be leveraged to address the negative impacts of climate change. Mr. Cramer has a degree in Environmental Sciences from Loyola University Chicago and a Master of International Affairs from Columbia University.

Jody Gager Rose, MBA, FCCA, FCA, Independent Director

Jody Gager-Rose is a distinguished finance professional with over 21 years of experience in accounting, including 9 years at a senior management level. She holds a Master of Business from Heriot-Watt University and is a Fellow Chartered Certified Accountant and a Fellow of the Institute of Chartered Accountants of Jamaica.



Jody's expertise lies in International Financial Reporting Standards (IFRS), with a proven track record in preparing standalone and consolidated financial statements, particularly within the travel, leisure, and tourism sectors. Her career highlights include her tenure as Chief Financial Officer, where she oversaw the accounting, purchasing, and IT departments. At a Big Four audit firm, Jody rose to the position of Director, where she supported audit business operations across the Caricom region.

Her accomplishments have been acknowledged with awards such as Manager of the Year for 2011/2012 and the Sushil Jain Award for her academic achievements.

Group Strategy Team

Alexander Melville, CEO - Tropical Battery

Please Board of Directors section.

Daniel Melville, COO - Tropical Battery

See Board of Directors section.

Oliver Hill, MSc, CEO - Tropical Renewable Energy

Oliver Hill is CEO of Tropical Renewable Energy, Tropical Mobility, and Tropical Finance, majority-owned subsidiaries established in 2022 to facilitate the transition to sustainable energy and transport. Oliver brings nearly two decades of experience in mergers and acquisitions intelligence and consulting across Latin America and the Caribbean.



Before joining Tropical Battery, he worked as a consultant with the Inter-American Development Bank, where he supported the energy, water, and state modernization portfolios. Oliver holds a Bachelor of Science from Cornell University and a Master of Science from Columbia University.

Karina Chez, MBA, MIA, CEO - Kaya Energy

Mrs. Karina Chez brings extensive business management and international trade experience to the KAYA team. She is a strategic visionary driving the company's growth into the future. Karina is a sought-after international speaker who has presented on topics including solar energy, entrepreneurship, women's leadership, and climate change.

She has a broad business network relevant to KAYA's growth, including serving as the founding President of ASOFER, the Dominican Republic's renewable energy association; a former president and board member of Entrepreneurs' Organization; a former Board Member of AIRD; and the Chapter Director of Startup Grind.



Before KAYA, Karina founded The Chess Group, a digital marketing firm based in Dubai and New York, and served as a marketing executive in the Middle East and North America for JumpTV. Karina received an MBA from Pace University and a Master of International Affairs from Columbia University.

Andrew Cramer, MIA, COO - KAYA Energy

See Board of Directors section.



Chris Wunderlich, BSME, CEO – Rose Batteries

Chris Wunderlich was appointed the CEO of Rose Electronics Distributing (Rose Batteries) effective January 30, 2024. Chris possesses a solid background in operations and engineering. His tenure in previous roles has been distinguished by significant enhancements in manufacturing processes and operational efficiency. Emphasizing talent development and continuous improvement in his leadership style, Chris aligns well with Tropical Battery's vision for the company. His strategic approach to empowering teams to solve complex challenges and his commitment to refining operational systems position him as a key leader, ready to drive Rose Electronics toward a future of innovation and success.

Tim Gray, BSc., Director of Business Intelligence & Accounting – Rose Batteries

Tim Gray continues bringing a rich tapestry of experience that blends military discipline with business acumen. His nine-year tenure in the US Marine Corps, marked by leadership in high-pressure environments, laid a foundation for his subsequent success in the business world. With a Bachelor's in Managerial Economics from UC Davis, Tim has rapidly ascended in the finance and accounting sectors, demonstrating a profound ability to navigate complex challenges and implement strategic solutions. As Director of Business Intelligence and Accounting, Tim's forward-thinking approach and commitment to excellence will be instrumental in driving Rose's growth and innovation in the evolving landscape of battery technology.



Management Execution Team

The seven members of the Strategy Team also have full-time roles and responsibilities on the Execution Team, however, we will not duplicate them here and just show the additional Team Members.



Reshando Mais, MBA, CFO - Tropical Battery

Reshando joined Tropical Battery Company Limited in July 2017 in the capacity of Financial Controller. He is responsible for the accounting and financial operations of the company which includes, generating and reporting periodic financial statements by International Financial Reporting Standards. He is a graduate of Northern Caribbean University and the University of the Commonwealth Caribbean, where he obtained

a Bachelor of Science Degree in Business Administration with an emphasis in Accounting and a Commonwealth Executive Master of Business Administration respectively. He has over 10 years of experience in accounting, external audit, real estate industry and merchandising.



David Walton, BSc., Chief Marketing Officer (CMO)

David joined our Management Team in August 2021 in the capacity of Director of Sales & Marketing. David is an innovative commercial leader with a background in both Sales & Marketing. With over 20 years of experience as a team lead for commercially successful brands, in the alcoholic beverage and FMCG industries, as well as entrepreneurial ventures in the Entertainment &

Hospitality Industry, David has consistently built brands and delivered commercial results.

Kamesha Robinson, AAS, Corporate Governance & Administration

Kamesha joined the Tropical Battery family in March 2010. She oversees the Administration Department and provides comprehensive support to the Board of Directors. With over 16 years of experience in the telecommunications, retail, and automotive industries, she comes with high-quality administrative skills and solid general business knowledge. Before joining Tropical Battery, she worked at Mossel Jamaica Ltd. (Digicel) in the areas of Customer Service and Site Acquisition.



She graduated with honours from Kirkwood Community College, Cedar Rapids, Iowa in 2000 with an Associate of Applied Science Degree in Marketing and a Diploma in Business Administration. She completed a Corporate Governance Executive Course at the University of the Commonwealth Caribbean (UCC) in August 2022.



Jeffrey Brown, BSc., MIS Manager

Jeffrey Brown is a seasoned IT professional with over 18 years of experience in managing and maintaining complex network infrastructure, hardware, and software systems. Throughout his career, he has demonstrated a strong ability to support and optimize operations for a variety of organizations in Jamaica. Jeffrey has been with Tropical Battery since February 2023, he oversees the entire IT infrastructure, administers LAN and wireless (WAN) networks and leads project management initiatives. Jeffrey's career trajectory demonstrates a deep dedication to the IT field. He has consistently developed his skills and taken on increasingly complex roles, showcasing his ability to adapt and thrive in different environments. With his comprehensive knowledge, technical expertise, and leadership qualities, Jeffrey Brown is a valuable asset to any organization requiring a reliable and efficient IT manager.



Stacy-Ann Spence, BSc. Operations Manager

Stacy-Ann has been a part of the Tropical Battery family for close to 9 years. Her portfolio includes direct oversight of our warehouse distribution, Battery Recycling & Export coordination, Occupational Health & Safety, Corporate Social Responsibility, Administration & Maintenance Management and overall general operations. Stacy-Ann graduated from the University of the West Indies with honours in 2012 with a Bachelor of Science Degree in Labour & Employment Relations.

Katherine Mack – VP, Sales & Marketing (Rose)

Katherine Mack, our VP of Sales and Marketing, is a seasoned veteran with 35+ years of experience in the battery industry. She has pioneered a sales approach that values trust and technical expertise over traditional sales techniques, becoming the driving force behind Rose's consultative sales process for almost 20 years. Her drive is to find the optimal solution for the customer, not the sales pitch. She was a member of the IEEE working group for establishing safety standards for mobile computing and has led several webinars with Texas Instruments (a leader in battery chips). Working remotely from Oregon, she joined Rose from a competitor due to the culture of opportunity and independence that is a part of our DNA.

Ericka Herst – VP Operations – Rose Batteries

Ericka Herst, our Vice President of Operations was recently promoted from the Director of Supply Chain position and was so exemplary as a reference for a different candidate, that we sought her out. Ericka has navigated the supply chain challenges of 2021- 2022 and now leads our Colombia-based supply chain and San Jose-based warehouse teams with strategic foresight and proactive planning. After meeting her on the reference call for another candidate, Rose stayed in contact with her and recruited her a year later when there was an appropriate job opening. She is 100% committed to Rose and the team.

Prospective Investors are invited to view the latest Annual Report for the Company, for information on the Board of Directors and Management of the Company at www.jamstockex.com

CORPORATE GOVERNANCE

ROLE, STRUCTURE AND COMPOSITION OF THE BOARD

The primary responsibility of the Board is to supervise the execution of the Group's strategic plans and ensure its operation adheres to the established framework in compliance with relevant statutory and regulatory requirements.

The Board ensures the adequacy of financial and operational systems and internal control. In addition, it ensures that the Corporate Governance Policy is adhered to. The Corporate Governance Policy is available on the website at www.tropicalbattery.com.

COMPOSITION OF THE BOARD

The Board's composition is governed by the Articles of Incorporation of Tropical Battery and is a mix of diversity, independence, skills, and expertise to promote objectivity in decision-making, with a high level of professional skills and suitable personal qualities required for directorships. As of September 30, 2024, the Board comprised of nine directors. There are two non-executive three independent and four executive directors, namely the Chairman, CEO, COO and COO of Kaya Energy Group.

Accordingly, the following criteria have been used to define 'executive directors', 'non-executive directors', and 'independent directors':

Executive Director –

An employee of the company who handles aspects of the company's day-to-day operations.

Non-Executive Director –

A director who is not involved in the day-to-day management of the Company.

Independent Director - A director who:

a) hold no interest, position, association, or relationship that might influence or reasonably be perceived to influence any material respect for his or her ability to apply independent judgment to issues before the board and to act in the best interest of the company and its shareholders;

b) does not represent a substantial shareholding of TROPICAL;

c) Has no close relatives who are significant shareholders of TROPICAL; and

d) does not have an employment relationship with TROPICAL or its parent companies.

These definitions are generally consistent with those outlined in the PSOJ Corporate Governance Code.

The Board has established an Audit and Risk Committee and a Remuneration Committee, both required under the Junior Market Rules. Each Committee comprises at least three (3) independent directors, including a chairman and at least one (1) member with an accounting or financial background. The members are as follows:

Audit and Risk Committee	Remuneration Committee
Caryl Fenton (Chair)	
Alexander Melville	Marc Ramsay (Chair)
Ricardo Hutchinson	Alexander Melville
Reshando Mais	Caryl Fenton
Jody Gager-Rose	Jody Gager-Rose
Marc Ramsay	

MENTOR

We also have a well-respected mentor in Mr. Jeffrey Hall, who is the Chief Executive Officer and a Vice Chairman of the Pan Jamaica Group Limited and Managing Director of the Jamaica Producers Group.

He serves as Chairman of Scotia Group Jamaica Limited, Scotia Investments Jamaica Limited, Kingston Wharves Limited and Lumber Depot Limited and is a director of Blue Power Group Limited and a Vice-President of the Private Sector Organisation of Jamaica. Mr. Hall received his Juris Doctorate degree, with honours, from Harvard University and practiced banking and securities law at Davis Polk and Wardwell in New York. He holds a Master of Public Policy degree from Harvard University and a Bachelor of Arts degree in Economics from Washington University. Mr. Hall has served as a director of the Bank of Jamaica, the Jamaica Stock Exchange, JAMPRO, the National Housing Trust and the Institute of Jamaica.

AUDIT & RISK COMMITTEE

The Audit Committee's role is to support the Board of Directors in overseeing the financial and operational reporting processes, risk management, internal controls, the audit process, and the Group's compliance monitoring with laws, regulations, and the code of conduct.

Meetings of the Audit Committee are generally held a few days before meetings of the Board, and meeting packages are distributed in advance of the meetings. Representatives of the External Auditors, KPMG, are invitees to the Year End Audit Committee meetings.

The main activities undertaken by the Committee:

- Reviewed quarterly unaudited financial statements and recommended approval of their release by the Board, giving due consideration to whether they were complete and consistent with the information known to Committee members.
- Review of changes to International Financial Reporting Standards to determine how they might impact financial statements
- Reviewed the proposal from the External Auditor for the audit of the year-end financial statements, including the audit strategy, scope and fees.

The Audit Committee believes that the continued retention of KPMG as our external auditor is in the best interest of the company and our shareholders and will recommend to our shareholders the approval of the selection of KPMG as our external auditor.

TRANSPARENCY AND ACCOUNTABILITY

Directors must abstain from conflicts of interest. Upon appointment and annually thereafter, directors must disclose their interests to assess potential conflicts that could hinder their ability to fulfill their duties. Furthermore, directors must promptly update their disclosures for any changes. If a conflict cannot be avoided, directors are obligated to promptly notify the Board, or Chairman to initiate appropriate resolution measures. Members of the Board and designated committees are mandated to attend and actively participate in meetings. Our board of directors consistently demonstrates their commitment to fulfilling their duties by actively attending and engaging in Board and committee meetings.

Section 13 Auditor's Report

Prospective Investors are invited to view the Latest Annual Report for the Company in which the latest Audited Report on the Company's Financial Statements is presented at www.jamtsockex.com

Section 14 Financial Statements

14.1 The summary consolidated statement of comprehensive income has been extracted from the audited financial statements of the Company as at and for the years ended September 30, 2020 to September 30, 2024. The summary financial statements presented do not include all the disclosures in the financial statements and cannot be expected to provide as complete an understanding as provided by the financial statements.

A complete set of audited financial statements for the Company for the financial years ended September 30, 2020 to September 30, 2024 can be found on the following websites.

<https://www.jamstockex.com/>

<https://www.tropicalbattery.com/>

Prospective Investors are invited to view the latest quarterly financial statements for the Company which contains the latest Financial Report concerning the Company can be found at <https://www.jamstockex.com/tropical-battery-company-limited-tropical-interim-financial-statements-for-the-first-quarter-ended-december-31-2024-revised/>

Copies of the audited Financial Statements for the Company for Financial Year ended September 30, 2024 can be found at <https://cdn.jamstockex.com/wp-content/uploads/2025/02/TB-KPMG-Audited-FS-FY2024.pdf>

14.2 Summary statement of Profit & Loss and Other Comprehensive Income.

The 2023 and 2024 figures represent the consolidated statements of the group as a result of the acquisition of Kaya and Rose in 2023 and 2024 respectively. **TROPICAL BATTERY COMPANY LIMITED**

Summary Statement of Profit & Loss and Other Comprehensive Income

For each of the Five Years ended 30 September 2020, 2021, 2022, 2023 & 2024

(Expressed in Jamaican dollars unless otherwise indicated)

Expressed in JMD	2024	2023	2022	2021	2020
Gross Operating Revenue	5,622,301,471	2,801,540,923	2,625,322,327	1,997,076,917	1,867,149,083
Cost of operating Revenue	(3,758,152,425)	(1,925,312,151)	(1,849,274,283)	(1,377,640,850)	(1,298,237,958)
Gross Profit	1,864,149,046	876,228,772	776,048,044	619,436,067	568,911,125
SG&A	(1,355,609,352)	(630,395,427)	(511,900,970)	(443,993,739)	(440,136,537)
Impairment loss on trade receivables	-	-	-	(6,282,026)	(6,364,542)
Operating Profit	508,539,694	245,833,345	264,147,074	169,160,302	122,410,046
Other Operating Income	10,833,435	12,640,814	12,832,950	23,578,641	13,715,756
EBITDA	519,373,129	258,474,159	276,980,024	192,738,943	136,125,802
Depreciation	(110,398,338)	(56,767,316)	(53,706,335)	(52,123,793)	(33,350,517)
EBIT	408,974,791	201,706,843	223,273,689	140,615,150	102,775,285
Finance Costs	(475,823,015)	(92,098,881)	(71,362,810)	(62,977,503)	(45,024,129)
Finance Income	101,196,883	35,166,693	45,564,798	9,887,259	2,824,912
Net Finance Costs	(374,626,132)	(56,932,188)	(25,798,012)	(53,090,244)	(42,199,217)
EBT	34,348,659	144,774,655	197,475,677	87,524,906	60,576,068
Taxation	(14,488,138)	(4,933,939)	(462,155)	808,044	(31,239,774)
Net Profit	19,860,521	139,840,716	197,013,522	88,332,950	29,336,294
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Currency translation differences	689,520	(3,608)	-	-	-
Re-measurement gain on employee benefit assets	17,706,000	(59,297,000)	14,565,000	20,659,000	3,102,000
Related taxation on re-measurement	(4,426,500)	14,824,250	(3,641,250)	(5,164,750)	(775,500)
Other comprehensive income, net of tax	13,969,020	(44,476,358)	10,923,750	15,494,250	2,326,500
Total comprehensive income for the year	33,829,541	95,364,358	207,937,272	103,827,200	31,662,794

14.3 Summary consolidated statement of Financial Position

TROPICAL BATTERY COMPANY LIMITED

Summary Statement of Financial Position

The 2023 and 2024 figures represent the consolidated statements of the group as a result of the acquisition of Kaya and Rose in 2023 and 2024 respectively.

For each of the Five Years ended 30 September 2020, 2021, 2022, 2023 & 2024

(Expressed in Jamaican dollars unless otherwise indicated)

Expressed in JMD	2024	2023	2022	2021	2020
CURRENT ASSETS					
Cash and cash equivalents	461,674,349	189,447,956	168,121,344	173,828,917	262,502,567
Accounts receivable	974,838,458	474,360,591	398,821,383	351,235,981	299,986,594
Due from related parties	408,776,540	319,813,663	247,837,424	157,400,499	154,049,214
Due from parent company	56,112,124	44,158,531	23,385,227	23,385,227	23,385,227
Due from Directors	-	-	-	-	-
Inventories	1,629,966,712	958,310,861	795,126,010	608,593,378	299,609,370
Other Assets	-	1,526,256	-	-	-
Taxation recoverable	974,962	818,484	727,809	525,060	-
Total Current Assets	3,532,343,145	1,988,436,342	1,634,019,197	1,314,969,062	1,039,532,972
CURRENT LIABILITIES					
Accounts payable	1,396,814,137	443,199,042	380,700,793	327,676,037	115,511,333
Due to related party	-	-	-	5,000,000	-
Short-term loan	1,986,216,962	10,700,000	-	100,000,000	100,000,000
Current portion of lease liabilities	51,372,228	25,680,587	17,442,276	15,856,683	14,415,231
Current portion of long-term loan	98,281,573	372,639,569	40,000,000	-	-
Taxation Payable	-	-	-	-	5,931,345
Total Current Liabilities	3,532,684,900	852,219,198	438,143,069	448,532,720	235,857,909
NET CURRENT(LIABILITIES) /ASSETS	(341,755)	1,136,217,144	1,195,876,128	866,436,342	803,675,063
NON-CURRENT ASSETS					
Intangible assets	93,831,768	38,133,005	38,133,005	38,133,005	38,133,005
Goodwill	2,898,755,987	61,120,229	-	-	-
Property, plant and equipment	1,214,278,082	180,244,560	161,038,380	176,695,423	161,908,088
Right of use assets	74,081,728	164,703,065	132,897,745	152,649,254	172,400,723
Employee benefits asset	33,211,000	13,866,000	68,619,000	54,407,000	35,517,000
Deferred Tax Asset	-	-	-	-	-
Interest in joint venture	5,000,000	5,000,000	5,000,000	5,000,000	-
Total Non-Current Assets	4,319,158,565	463,066,859	405,688,130	426,884,682	407,958,816

Total Assets	7,851,501,710	2,451,503,201	2,039,707,327	1,741,853,744	1,447,491,788
NON-CURRENT LIABILITIES					
Due to related parties	500,000,000	-	-	-	-
Lease liabilities	28,690,562	154,793,061	128,124,434	145,566,710	161,423,393
Long-term loans	2,671,781,372	373,342,685	452,051,258	310,028,468	307,668,546
Deferred tax liability	17,054,959	3,687,881	13,578,192	11,852,744	7,496,038
Total Non-Current Liabilities	3,217,526,893	531,823,627	593,753,884	467,447,922	476,587,977
SHAREHOLDERS' EQUITY					
Share capital	164,287,800	164,287,800	156,675,300	156,675,300	156,675,300
Capital contribution	459,207,861	459,207,861	459,207,861	459,207,861	459,207,861
Accumulated profit	430,754,843	430,654,579	391,927,213	209,989,941	119,162,741
Foreign currency translation	5,270,382	(3,608)			
Equity attributable to owners of the company	1,059,520,886	1,054,146,632	1,007,810,374	825,873,102	735,045,902
Non-controlling interest	41,769,031	13,313,744	-	-	-
	1,101,289,917	1,067,460,376	1,007,810,374	825,873,102	735,045,902
Total Liabilities & Equity	7,851,501,710	2,451,503,201	2,039,707,327	1,741,853,744	1,447,491,788

14.4 Summary consolidated statement of Changes in Equity

TROPICAL BATTERY COMPANY LIMITED

Summary Statement of Changes in Equity

The 2023 and 2024 figures represent the consolidated statements of the group as a result of the acquisition of Kaya and Rose in 2023 and 2024 respectively.

For each of the Five Years ended 30 September 2020, 2021, 2022, 2023 & 2024

(Expressed in Jamaican dollars unless otherwise indicated)

Express in JMD	2024	2023	2022	2021	2020
Balance as at the start of the year	1,067,460,376	1,007,810,374	825,873,102	735,045,902	547,077,808
Total Comprehensive Income for the year	33,829,541	95,364,358	207,937,272	103,827,200	31,662,794
Issue of Shares	-	7,612,500	-	-	156,305,300
Acquisition of subsidiary with NCI	-	8,673,144	-	-	-
Dividends	-	(52,000,000)	(26,000,000)	(13,000,000)	-
Balance as at the end of the year	1,101,289,917	1,067,460,376	1,007,810,374	825,873,102	735,045,902

14.5 Summary consolidated statement of Cash Flows

TROPICAL BATTERY COMPANY LIMITED

Summary Statement of Cash Flows

The 2023 and 2024 figures represent the consolidated statements of the group as a result of the acquisition of Kaya and Rose in 2023 and 2024 respectively.

For each of the Five Years ended 30 September 2020, 2021, 2022, 2023 & 2024

(Expressed in Jamaican dollars unless otherwise indicated)

Expressed in JMD	2024	2023	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year	19,860,521	139,840,716	197,013,522	88,332,950	29,336,294
Adjustment to reconcile net profit for the year to net cash used by operating activities:					
Employee benefits	(1,639,000)	(4,544,000)	353,000	1,769,000	9,263,000
Depreciation	110,398,338	56,767,316	53,706,335	52,123,793	33,350,517
Taxation expense	14,488,138	4,933,939	462,155	(808,044)	31,239,774
Interest on loans	432,925,658	62,161,882	42,395,533	35,158,227	26,111,669
Interest on lease liabilities	13,396,665	12,398,162	11,547,593	12,701,106	7,010,725
Amortisation of debt issuance costs	-	-	2,022,790	2,022,790	2,022,790
Interest income	(84,621,784)	(12,174,725)	(3,991,142)	(3,634,501)	(2,374,833)
Unrealised foreign exchange gains	(1,617,977)	75,179	(11,525,177)	(6,943,306)	-
Gain on disposal of Investments	-	-	-	(13,208,345)	-
Loss/(Gain) on disposal of PP&E	(2,360,575)	(4,371,233)	(4,500,000)	(1,519,087)	36,046
Foreign currency translation	(75,079,517)	(3,608)	-	-	-
	425,750,467	255,083,628	287,484,609	165,994,583	135,995,982
Changes in working capital:					
Accounts receivable	(35,632,360)	(39,064,256)	(46,306,083)	(51,323,427)	(17,756,957)
Due from related companies	(467,783,360)	(92,749,543)	(90,436,925)	(3,351,285)	118,983,218
Due to related parties	-	-	(5,000,000)	5,000,000	-
Due from parent company	(11,953,594)	-	-	-	-
Inventories	(171,810,891)	(134,675,473)	(188,312,967)	(308,983,997)	150,524,088
Other Assets	1,526,256	-	-	-	-
Accounts payable	246,578,045	28,272,361	61,636,040	219,519,171	(77,008,078)
Due from Directors	-	-	-	-	2,163,107
Cash generated by operations	(13,325,437)	16,866,717	19,064,674	26,855,045	312,901,360
Interest received	84,621,784	12,174,725	3,991,142	3,634,501	2,374,833
Interest paid	(443,497,513)	(74,560,044)	(51,239,965)	(35,158,227)	(26,111,669)
Taxation paid	(5,704,038)	(90,675)	(2,580,706)	(6,456,405)	(17,364,710)

Net cash used in operating activities	(377,905,204)	(45,609,277)	(30,764,855)	(11,125,086)	271,799,814
CASH FLOW FROM INVESTING ACTIVITIES					
Investment encashed	-	-	-	(50,000,000)	-
Proceeds from the sale of PP&E	14,063,898	6,762,907	4,500,000	3,800,000	50,001
Acquisition of business	(3,068,609,990)	(58,828,196)			
Payment on contingent consideration	(99,002,724)				
Issuance of shares	-	7,612,500			
Acquisition of intangible assets	(5,209,522)	-	-	-	-
Proceeds from sale of Investments	-	-	-	63,208,345	-
Investment in joint venture	-	-	-	(5,000,000)	-
Purchase of PP&E	(112,647,269)	(48,622,300)	(18,297,783)	(49,440,572)	(114,717,193)
Net cash used in investing activities	(3,271,405,607)	(93,075,089)	(13,797,783)	(37,432,227)	(114,667,192)
CASH FLOW FROM FINANCING ACTIVITIES					
Issuance of shares	-	-	-	-	156,305,300
Proceeds from long-term loan	4,182,484,670	278,070,544	200,000,000	-	100,000,000
Debt Issuance Cost	(86,384,129)	-	-	-	-
Repayment of long-term loan	(96,502,888)	(45,549,584)	(20,000,000)	-	(280,000,000)
Proceeds from short-term loan	1,392,266,700				
Repayment of short-term loan	(1,392,266,700)	-	(100,000,000)	-	
Payment of dividends	-	(52,000,000)	(25,264,557)	(13,000,000)	
Payment of lease liabilities	(78,267,185)	(20,509,982)	(15,880,378)	(27,116,337)	(14,174,189)
Net cash provided by financing activities	3,921,330,468	160,010,978	38,855,065	(40,116,337)	(37,868,889)
Net decrease in cash and cash equivalents	272,019,657	21,326,612	(5,707,573)	(88,673,650)	119,263,733
Effect of foreign currency on cash and cash equivalents	206,735	-	-	-	-
Cash and cash equivalents at the beginning of the year	189,447,956	168,121,344	173,828,917	262,502,567	143,238,834
Cash and cash equivalents at the end of the year	461,674,348	189,447,956	168,121,344	173,828,917	262,502,567

Section 15 Management Discussion & Analysis

Prospective Investors are invited to view the most recent quarterly report for fiscal year 2024/25 for the Company which contains the latest Management Discussion & Analysis concerning the Company which can be found at the following websites:

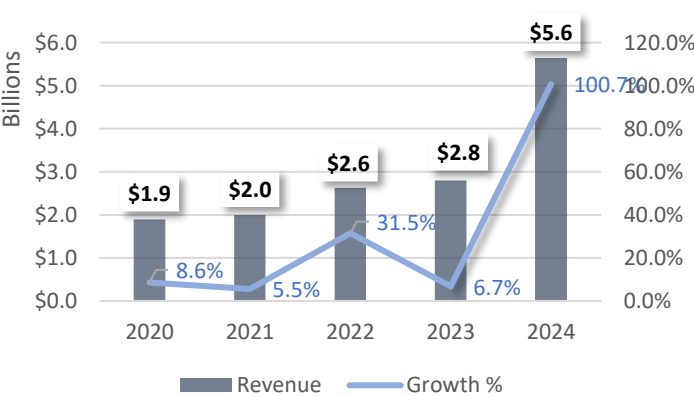
<https://www.tropicalbattery.com/content/investor-relations>

<https://www.jamstockex.com/>

Financial Performance

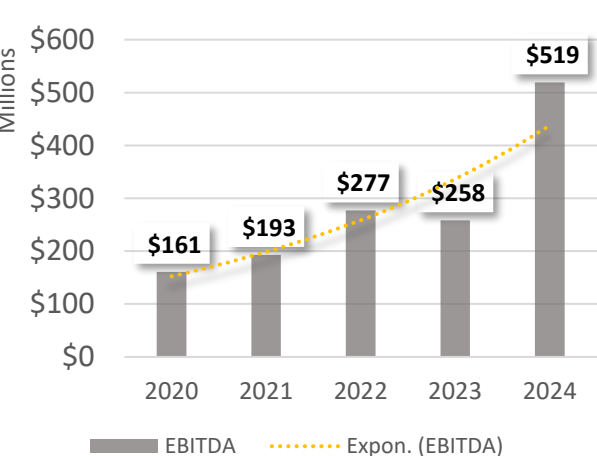
The company’s financial performance for FY 2024 demonstrates extraordinary growth across most key metrics, reflecting strong operational execution and strategic market positioning. Total revenue surged to \$5.62 billion, representing a 100.7% year-over-year increase, signaling a successful expansion into new markets and heightened demand across core regions. This top-line growth was accompanied by an equally impressive rise in gross profit, which climbed by 112.7% to reach \$1.86 billion, underscoring improved margins and efficiency gains.

Revenue (JMD) vs. Growth Rate
%



Profitability metrics also experienced substantial growth, with EBITDA increasing by 100.9% year-over-year to \$519 million. When adjusted for certain one-off expenses related to the recently closed acquisition of Rose, adjusted EBITDA reached \$596 million, reflecting an outstanding 130.7% year-over-year improvement. This significant growth highlights the company’s ability to manage operational costs effectively while scaling its

EBITDA (JMD)



revenue. Despite our strong operating performance, high interest costs, and one-off acquisition-related expenses resulted in a decline in reported profit to \$34 million, a 76.3% reduction YoY. However, if these one-off costs were excluded, profit before tax would have stood at \$200 million, marking a 38.4% YoY increase. This adjusted metric provides a clearer view of the company's core profitability and operational efficiency.

These results paint a picture of a company that is not only growing rapidly but is also improving its profitability at an accelerated pace. The balance between top-line expansion

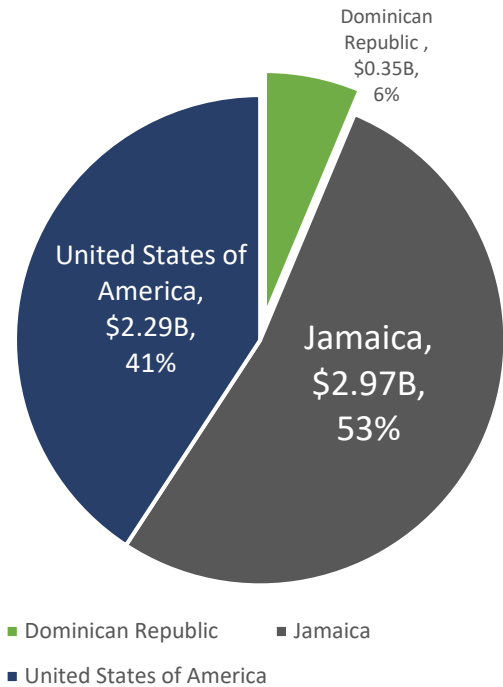
and margin improvement demonstrates the strength of its business model and strategic decisions. The robust growth trajectory indicates a solid foundation for sustained long-term success as the company continues to refine its operations and expand its market footprint.

Financial Segment and Country Performance

Jamaica remained the company’s most substantial market, generating J\$2.97 billion in revenue, compared to J\$2.72 billion in the previous year. This represents a year-over-year increase of J\$280 million, or approximately 9.4%. The continued growth in Jamaica underscores the company’s dominance in the domestic market and its ability to deepen customer engagement in a mature market.

In the **Dominican Republic**, revenues climbed from J\$81 million in FY 2023 to J\$354 million in FY 2024,

Sales (JMD) by Country - FY2024



Sales (JMD) by Country - FY2024



reflecting an exceptional increase of J\$273 million, or about **338.0%**. This remarkable growth highlights the company’s ability to capitalise on regional opportunities, further strengthening its position as a key player in the Caribbean energy and battery market.

Meanwhile, FY 2024 marked the company’s first year of US-based revenues post-acquisition of Rose Batteries, achieving revenues of J\$2.26 billion in just eight months. This rapid success in a new and highly competitive market is a testament to the company’s effective entry-acquisition strategy and strong demand for Rose Batteries products and services.

Overall, Tropical Battery’s ability to generate J\$5.62 billion in total revenue—a significant leap fueled by double-digit growth in established markets and exceptional early results in the United States—demonstrates its business

model's strength and ability to scale operations effectively across diverse markets. The outlook for sustained growth in all regions, particularly the burgeoning U.S. market, appears promising.

Key Acquisitions

Rose Batteries (USA)

Acquired on January 31, 2024, Rose Batteries contributed J\$2.26 billion in revenue and J\$280 million in profit during its first eight months. The acquisition expands Tropical Battery's footprint in aerospace, medical, and defence sectors, aligning with our strategic focus on high-margin, mission-critical solutions. The acquisition was financed through a combination of preferred shares issuance and bridge loan facility, which will be partially repaid using proceeds from the Group's planned secondary public offering. This strategy is expected to reduce interest costs significantly, which is likely to increase profitability in the long term.

Kaya Energy Group (Dominican Republic)

Kaya Energy reported J\$357.8 million in revenue and J\$67.3 million in profit. The subsidiary's renewable energy solutions align with regional sustainability goals and offer a competitive edge in high-growth markets.

Enhanced Cash Conversion Cycle Driving Stronger Working Capital Efficiency

In FY 2024, Tropical Battery made significant strides in optimising its cash conversion cycle (CCC), reducing it from 185.9 days in FY 2023 to 96.3 days. This dramatic improvement underscores the company's enhanced inventory management, faster receivables collection, and better supplier payment terms, all contributing to better working capital efficiency. By shortening the time, it takes to convert investments in inventory and receivables into cash, the company has unlocked liquidity to reinvest in growth initiatives, acquisitions, and operational expansion. This improvement strengthens financial flexibility and supports scalability and profitability, positioning Tropical Battery for sustainable long-term growth in the evolving energy and mobility sectors.

Outlook & Future Growth

Looking ahead to **FY 2025**, **Tropical Battery** will be implementing strategic initiatives that are aimed at growing revenue and enhancing efficiencies amongst the companies within the group to create value for our shareholders. This will be accomplished through organic expansion in our key markets - Jamaica, the Dominican Republic, and the United States - and inorganic growth via strategic acquisitions to broaden our service offerings. Below are some of the initiatives that are being implemented across the group.

Tropical Battery and associated branded product lines will continue to contribute a significant share of the group's total revenue. We anticipate achieving moderate growth over the next five years which will be driven by the key strategic initiatives outlined below:

- **Expansion of our retail operations** which includes **opening our seventh** retail store in Kingston this fiscal year and **acquire another retail operation** within the next three years to strengthen our market

position and enhance our product offerings. The acquisition is expected to contribute approximately half of our targeted growth.

- The **introduction of new product lines**, including Tropical Battery-branded Windshield Wipers, CariBrake brake fluid, and alkaline batteries, which will be distributed through traditional retail and e-commerce platforms such as Amazon.com.
- A **new battery brand**, Mac Battery, will be introduced and distributed through selected Partners. While the Mac Battery is not fundamentally different from our existing battery offerings in terms of technology, it is a strategic brand extension tailored for specific market needs. The introduction of Mac Battery will allow us to strengthen our brand position, expand our market coverage, and create differentiation in pricing and distribution. We expect Mac Battery to contribute a moderate increase of approximately 5% in sales over time.
- Leveraging the **renewable energy expertise** of both Tropical and Kaya to aggressively grow revenue from renewable energy opportunities as global shifts towards electric vehicles (EVs) and renewable energy accelerate. We are actively positioning our subsidiaries, namely Tropical Mobility, Tropical Renewable Energy, and Tropical Finance to take advantage of this market trend and are actively pursuing international relationships. Tropical has already begun to achieve success in this area as the company is a part of a consortium that was awarded two Government of Jamaica contracts in 2024 under the Energy Management and Efficiency Programme (EMEP) to perform deep energy efficiency and **renewable energy upgrades to six hospitals and 16 other public facilities, including high schools**, ministries and government agencies. The projects were awarded by the Ministry of Science Energy Telecommunications and Transport with funding provided by the Inter-American Development Bank (IDB), the European Union and the Japan International Cooperation Agency (JICA), representing the most significant energy efficiency and renewable energy project of its kind to date in **Jamaica valued at nearly US \$4 million (~J\$630 Million), with total installed rooftop solar photovoltaic capacity of 2.83MW**. The EMEP projects are to be implemented by the close of FY2025. We anticipate winning more large-scale projects, leveraging our **14 years of solar experience** alongside our strategic partnerships in the Dominican Republic through **KAYA Energy Group**.
- Continue to establish **international relationships** to distribute energy-efficient solutions like Tesla, expanding our reach in the EV and renewable energy sectors. **Tropical Mobility** is establishing itself as a pioneering electric vehicle (EV) service provider in Jamaica. To support Tesla's growth in the region, Tropical Mobility has launched an independent Tesla service centre staffed with technicians trained by a Tesla-certified master technician from Canada. This initiative is a result of the MoU signed between Tropical Mobility and the Dominican Republic based Zero Emisión RD which has been the leading electric vehicle (EV) dealer and service centre in the Dominican Republic since the company was founded in 2018. The company has sold nearly 700 EVs over the past six years, including more than 320 Tesla models. Under the terms of the MoU, which is an **exclusive partnership for Jamaica**, Zero Emisión RD and Tropical Mobility will cooperate on training and technical support to facilitate the delivery of world class service to electric vehicle drivers in Jamaica, including Tesla owners who have not had a local service option until now. The centre is equipped to offer comprehensive after-sales service and parts, fulfilling a growing demand among Tesla owners. Tropical Mobility recently imported two Tesla Model Y vehicles and is further diversifying its EV offerings with electric motorbikes for transport and delivery, electric ATVs for ecotourism, and electric buses for the tourism sector. This commitment to the EV market aligns with Tropical Mobility's asset-light model, emphasising minimal-maintenance vehicles and convenience-enhancing services, including upcoming remote service options for Tesla and other EV owners. This

initiative aims to position Tropical Mobility as a forward-looking leader in Jamaica's expanding EV landscape.

- **Broadening our distribution capacity** by utilising Amazon. The United States Patent and Trademark Office (USPTO) has granted official trademark approvals, enabling us to sell our branded products directly on Amazon's US platform. This development represents a strategic step in bringing Tropical Battery's trusted and innovative products to a broader audience. Amazon was chosen due to its **broad distribution capabilities, massive customer base, and cost-effective fulfillment solutions**. By leveraging **Amazon's global logistics infrastructure**, we can efficiently scale sales without the need for extensive warehousing or direct distribution costs. We have identified **high-demand, cost-competitive products** that will be the initial focus of this initiative. These products include **Cari-Brake Fluid, Windshield Washer Fluid, and Engine Coolant**, which are currently manufactured in the U.S. for distribution in Jamaica. By shipping these directly to Amazon warehouses, we eliminate international logistics costs while leveraging Amazon's fulfillment network for efficient delivery.

Strategic Initiatives - Kaya

We are optimistic on the potential of **Kaya Energy Group**, operating out of the Dominican Republic. Over the next 3-5 years, the goal is for Kaya to contribute at least 25% of the group's total revenue. This growth will be driven by expansion in industrial and utility-scale solar projects, new product offerings, and integrated financing solutions. While this is an ambitious target for Kaya, it is backed by a strong project pipeline which includes introducing innovative products such as glass solar panels, bright panels with batteries, inverters, and solar water heaters to the Caribbean and African markets. These projects will materialise over the next two to three years and will be driven by partnerships with a prominent California-based electrical contractor. We are currently exploring the following opportunities:

- Industrial solar remains a core driver of KAYA's growth, as businesses seek to lower energy costs, improve sustainability, and reduce exposure to volatile electricity prices. This segment will continue to provide strong, recurring revenue opportunities, particularly as we expand our ability to finance, develop, and maintain long-term energy solutions for our clients. We are also strategically entering the utility-scale solar market where opportunities align with our expertise. For example, a 200 MW solar project in Uganda that we are providing strategic guidance to, is our first large-scale entry into Africa and demonstrates our ability to co-develop impactful, long-term energy solutions.
- We are actively pursuing large scale opportunities in new markets such as Africa, which represents a high-growth market for renewable energy, with strong demand for both industrial and utility-scale solar. The Uganda project marks an important milestone, and we are actively exploring additional opportunities in industrial zones, commercial sectors, and large-scale energy developments. Expanding into this region presents both opportunities and challenges, including navigating regulatory environments and securing project financing. However, we believe that our experience in emerging markets, combined with strategic partnerships and access to financing solutions, gives us a competitive edge in delivering successful projects.
- To support our expansion, we are investing in key personnel to build a solid operational foundation. Recently, we brought on a Director-level engineer with 20 years of experience in the electricity sector, who is helping to streamline project execution, strengthen technical capabilities, and ensure quality control as we scale. As we grow, we will continue to bring in top talent across project development, engineering, and financing to ensure we meet both current demand and future opportunities.

Strategic Initiatives - Rose

Rose Batteries, acquired at the end of January 2024 is expected to contribute at least 40% of the group's total revenue. We are confident in the growth prospects of Rose and its ability to expand its customer base and enhance its mission-critical energy storage solutions portfolio. We are implementing the following initiatives to achieve the targeted growth:

- Rose will be launching on the Digikey platform for engineers in FY2025. Digikey is a **leading e-commerce marketplace** for engineers seeking specialty components, including custom batteries. For Rose Batteries, it provides an entry point to **new B2B customers** who may start with small-scale purchases but can graduate into larger, high-value contracts over time. The Digikey platform will introduce Rose to a **global network of engineers and product designers**, many of whom develop products requiring custom battery solutions. This will help to **diversify our sales pipeline**, reaching customers who are not yet ready for large custom orders but will need them in the future.
- In addition to expanding our online presence, **Rose is also developing strategic partnerships with electrical contractors** to win large solar and battery projects. We have developed relationships with electrical contractors, including a **prominent California based electrical contractor**, one of the leading players in the space. **Kaya Energy Group is targeting the same contractors**, and we see opportunities for **collaboration** to maximize success in large-scale energy storage and solar projects.
- **We are deepening our presence in high-growth industries** such as **medical devices, robotics, and drones**, where we already have traction. Rose Batteries has traditionally focused on **sub-1KWh batteries** for mission-critical applications. Our **core focus remains on B2B** where we continue to work with customers whose products (e.g., utility start meters, drones, robotics, medical devices) require high-performance, specialized batteries.
- While we continue to deepen our presence in our core area, we are also exploring options for **expanding into larger-scale projects**. We are currently in discussions with an **electric ATV manufacturer** that supplies vehicles to Chukka Caribbean. They are facing challenges with their current battery supplier, and Rose is actively working on designing a **better-performing, more durable battery** for them.
- We are pursuing **contract manufacturing** opportunities as certain companies choose to develop their batteries internally, then collaborate with Rose to execute the design for manufacturing, develop a manufacturing line, and scale production. These customers offer a shorter sales cycle since the design is already complete. While margins may be tighter, these contracts involve high-volume production, lower overhead, and access to strategic suppliers. We recently signed such an agreement with a **large multinational conglomerate that has operations on four continents**.
- **Strategic acquisition of existing competitors** will also play a significant role in our growth strategy. We have identified several potential acquisition targets of a similar size to Rose that lack a clear succession plan, presenting an opportunity for strategic growth and continuity.

These strategic developments align with Tropical Battery's long-term goal of listing on NASDAQ. Our recent entry into the U.S. and Dominican Republic markets marks the beginning of this journey, and our planned graduation to the Main Market of the Jamaica Stock Exchange (JSE) is a crucial step in positioning Tropical Battery as a global energy leader. This growth strategy will be the launchpad for propelling a Jamaican company onto one of the world's largest and most recognised stock exchanges.

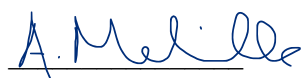
Conclusion

Looking ahead, Tropical Battery Company Limited is on an ambitious growth trajectory. The Group is targeting revenue of J\$7.5 billion for FY 2025 fuelled by expansion into high-margin U.S. and Dominican Republic markets and with a full 12-months of revenue contribution from Rose Batteries included.

The strategic investments in renewable energy and energy storage innovations along with enhanced operational efficiencies is geared towards achieving a gross margin of 34% in the upcoming financial year. By leveraging our subsidiaries, entering new markets, and fostering innovation, the Group is confident in achieving its financial objectives and maximizing shareholder value.

We extend our deepest gratitude to our dedicated team, supportive shareholders, and Board of Directors for their commitment and contributions. With a clear vision and strategic priorities, Tropical Battery looks forward to continued success and growth in the years ahead.

Respectfully,



Alexander Melville

Chief Executive Officer



Daniel Melville

Chief Operating Officer

Section 16 Statutory & General Information

Statutory Information required to be set out in this Prospectus by section 41 and the Third Schedule to the Companies Act and other general information follow.

1. The Company was incorporated on July 10, 1952 and its registered office is at 30 Automotive Parkway, Ferry Commercial Park, Kingston 20, Jamaica.
2. The Company has no founders, management or deferred shares.
3. The Articles of Incorporation fix no shareholding qualification for the directors.
4. The Articles of Incorporation contain the following provisions with respect to the remuneration of the Directors.

87. The remuneration of the Directors shall be such sum or sums as may from time to time be determined by them and approved by the Company in general meeting.

89. The Directors may award special remuneration out of the funds of the Company to any Director going or residing abroad in the interest of the Company, or undertaking any work additional to that usually required of Directors of a company similar to this.

99. A Director may hold any other office or place of profit under the Company in conjunction with the office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine, and a Director or any firm in which he is interested may act in a professional capacity for the Company and he or such firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing contained in this presents shall authorize a Director or any such firm to act as auditor to the Company.

105. A Director may exercise or procure the exercise of the voting rights attached to shares in any other Company in which this Company is or becomes in any way interested, and may exercise any voting rights to which they are entitled as Directors of such other company in such manner as they shall in their absolute discretion think fit, including the exercise thereof in favour of any resolution appointing themselves or any of them as Directors, officers or servants of such other company, and fixing their remuneration as such, and may vote as Directors of this Company in connection with any of the matters aforesaid.

120. Every person acting as an alternate for a Director shall be an officer of the Company, and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. The remuneration of any such alternate shall be payable out of the remuneration payable to the Director appointing him and shall consist of such portion of the last-mentioned remuneration, as shall be agreed between the

alternate and the Director appointing him, and as is notified in writing to the Company by the Director making the appointment.

121. The Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors of the Company, and may fix his or their remuneration either by way of salary or commission or by conferring a right to participation in the profits of the Company, or by a combination of two or more of those modes, and may provide as a term of his appointment that there be paid to him, his widow or other dependents a pension or gratuity on retirement or death and the terms of such employment need not be confirmed by the Company in general meeting.

125. The Directors shall appoint a Secretary and shall fix his remuneration and terms and conditions of employment and any Secretary so appointed may be removed by them.

5. The names and descriptions of the Directors of the Company appear in Section 18 of this Prospectus. The addresses of the Directors are as follows:

Name	Address	Description
Marc Melville	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	Chairman
Alexander Melville	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	Chief Executive Officer
Daniel Melville	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	Chief Operating Officer
Ricardo Hutchinson	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	Independent Director
Caryl Fenton	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	Independent Director – Chartered Accountant
Andrew Cramer	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	COO (Kaya Energy)
Itamar Frankenthal	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	Independent Director
Marc Ramsay	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	Independent Director
Jody Gager Rose	30 Automotive Parkway, Ferry Commercial Park, Kingston 20, St. Andrew	Independent Director

6. The Opening Date: May 22, 2025

7. The Closing Date: June 6, 2025

8. The following Ordinary Shares are being made available for subscription by Prospective Investors:

- 954,545,455 shares in the event the Offer is fully subscribed.
- 1,122,994,652 shares in the event the Offer is upsized and fully subscribed.

9. The names and descriptions of certain of the Directors of the Company are indicated in the Latest Annual Report at www.jamstockex.com. In addition, since the issue of such report Itamar Frankenthal, Andrew Cramer and Jody-Gager Rose have been appointed to be Directors of the Company.

10. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the “minimum subscription”) is J\$1,000,000,000.00].

11. In September 2020, the Company issued 162,500,000 Ordinary Shares at J\$1.00 per share by way of an Initial Public Offering. The shares were subsequently listed on the Junior Market of the Jamaica Stock Exchange.

12. The price with respect to the Ordinary Shares available for subscription are:

J\$1.87

The Price is based on a 10% discount to the **simple average** of the **closing price** of the last 10 trading days prior to the date of the prospectus. As abovementioned, the Price is payable in Jamaican currency

13. All Applicants will be required to pay in full the price per Ordinary Share along with the JCSD processing fees (as applicable) as specified in this Prospectus. No further sum will be payable by any Applicant with respect to Ordinary Shares under any Application.

14. Details as to investments, bank loans and any other indebtedness of the Company (if any) are indicated by the Latest Audited Accounts contained in the Latest Annual Report.

15. The proceeds from the Invitation will be paid to the Company. The Company expect to pay the expenses of the Invitation out of the proceeds of the Invitation, and the Company estimates that such expenses will not exceed \$80,000,000.00 (inclusive of brokerage fees, legal fees, marketing expenses, Companies Registrars’ fees, initial fees and GCT).

16. By virtue of the Latest Audited Accounts the name and addresses of the auditors to the Company are as set out in such Audited Accounts.
17. As far as the Company is aware, the Company is not engaged in any material litigation, nor is it aware of any pending litigation.
18. The amount for goodwill, patent, or trademarks shown in the Audited Accounts is nil.
19. The Company, through its wholly-owned subsidiary, Tropical Battery (USA) LLC, acquired 100% ownership of Rose Electronics Distributing Company, LLC ("Rose"), a Delaware limited liability company. The acquisition involved the transfer of all membership interests in Rose from the sellers, REC Holdings, LLC, and DoubleR Partners, LLC, to Tropical Battery (USA) LLC. The transaction was completed on January 29, 2024, and resulted in Tropical Battery (USA) LLC becoming the sole owner of Rose. Further details regarding the financial aspects of the acquisition can be found in the audited accounts included in the Latest Annual Report.
20. Save as set out in paragraph 14 above, within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.
21. The issue is not underwritten.
22. The name and address of the auditors to the Company is: KPMG Jamaica, The Victoria Mutual, Building, P.O. Box 436, 6 Duke Street, Kingston, Jamaica.

Section 17 Documents Available for Inspection

Copies of the following documents may be inspected at the offices of the Arranger between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date (or the extended Closing Date as the case may be):

1. This Prospectus
2. The Articles of Incorporation of the Company;
3. Copy of the Latest Audited Accounts for the Company for the year ending September 30, 2024.

Section 18 Signatures of Directors of Company

The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of the Prospectus and each has signed same pursuant to a resolution of the Directors of the Company authorizing the issue of this Prospectus as at the date first hereinbefore stated.


Dated the 5th day of May 2025

Directors	Signatures
Marc Melville	
Alexander Melville	
Daniel Melville	
Caryl Fenton	
Ricardo Hutchinson	
Marc Ramsay	
Andrew Cramer	
Itamar Frankenthal	
Jody Gager-Rose	

Section 18 Signatures of Directors of Company

The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of the Prospectus and each has signed same pursuant to a resolution of the Directors of the Company authorizing the issue of this Prospectus as at the date first hereinbefore stated.

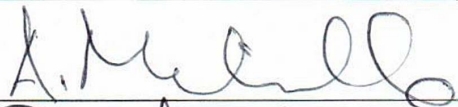
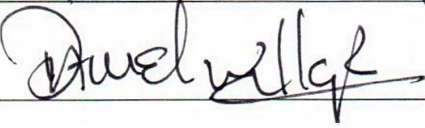


Dated the 5th day of May 2024

Directors	Signatures
Marc Melville	
Alexander Melville	
Daniel Melville	
Caryl Fenton	
Ricardo Hutchinson	
Marc Ramsay	
Andrew Cramer	
Itamar Frankenthal	
Jody Gager-Rose	

Section 18 Signatures of Directors of Company

The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of the Prospectus and each has signed same pursuant to a resolution of the Directors of the Company authorizing the issue of this Prospectus as at the date first hereinbefore stated.


Dated the 5th day of May 2025

Directors	Signatures
Marc Melville	
Alexander Melville	
Daniel Melville	
Caryl Fenton	
Ricardo Hutchinson	
Marc Ramsay	
Andrew Cramer	
Itamar Frankenthal	
Jody Gager-Rose	

Section 18 Signatures of Directors of Company

The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of the Prospectus and each has signed same pursuant to a resolution of the Directors of the Company authorizing the issue of this Prospectus as at the date first hereinbefore stated.

Dated the ____5th____ day of ____May____ 2025

Directors	Signatures
Marc Melville	
Alexander Melville	
Daniel Melville	
Caryl Fenton	
Ricardo Hutchinson	
Marc Ramsay	
Andrew Cramer	
Itamar Frankenthal	
Jody Gager-Rose	

Section 18 Signatures of Directors of Company

The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of the Prospectus and each has signed same pursuant to a resolution of the Directors of the Company authorizing the issue of this Prospectus as at the date first hereinbefore stated.

Dated the _____ 5th _____ day of _____ May _____ 2025

Directors	Signatures
Marc Melville	
Alexander Melville	
Daniel Melville	
Caryl Fenton	
Ricardo Hutchinson	
Marc Ramsay	
Andrew Cramer	
Itamar Frankenthal	
Jody Gager-Rose	

Section 18 Signatures of Directors of Company

The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of the Prospectus and each has signed same pursuant to a resolution of the Directors of the Company authorizing the issue of this Prospectus as at the date first hereinbefore stated.

Dated the ____5th____ day of ____May____ 2024

Directors	Signatures
Marc Melville	
Alexander Melville	
Daniel Melville	
Caryl Fenton	
Ricardo Hutchinson	
Marc Ramsay	
Andrew Cramer	
Itamar Frankenthal	Itamar Frankenthal
Jody Gager-Rose	

Section 18 Signatures of Directors of Company

The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of the Prospectus and each has signed same pursuant to a resolution of the Directors of the Company authorizing the issue of this Prospectus as at the date first hereinbefore stated.

Dated the 5th day of May 2025

Directors	Signatures
Marc Melville	
Alexander Melville	
Daniel Melville	
Caryl Fenton	
Ricardo Hutchinson	
Marc Ramsay	
Andrew Cramer	
Itamar Frankenthal ;	
Jody Gager-Rose	

Section 19 Appendices

Appendix 1 - Financial Statements

Reviewed Financial Statements for the year ended September 30, 2024

[SEE NEXT PAGE]

TROPICAL BATTERY COMPANY LIMITED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024



KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
TROPICAL BATTERY COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Tropical Battery Company Limited and its subsidiary ("the Group") and the separate financial statements of the Company, set out on pages 8 to 75, which comprise the Group's and Company's statement of financial position as at September 30, 2024, the statements of profit or loss and other comprehensive income, changes in shareholders' net equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and Company as at September 30, 2024, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

Nyssa A. Johnson
Wilbert A. Spence
Sandra A. Edwards

Karen Ragoobirsingh
Al A. Johnson
Damion D. Reid



Page 2

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
TROPICAL BATTERY COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the matter was addressed in our audit
<p>The Group has recognised goodwill in the amount of \$2,898,755,987 (2023: \$61,120,229).</p> <p>The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the Cash Generating Unit of which goodwill forms part has been derived from discounted cashflow models. These models use several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal growth rates and the weighted average cost of capital (discount rate).</p> <p><i>See notes 3(i) and 9(c) of the financial statements.</i></p>	<p>In performing our audit in respect of this matter, in the main, we performed the following procedures:</p> <ul style="list-style-type: none">• Involving our own valuation specialist to assist in evaluating the appropriateness of discount rates applied and the valuation model used.• Evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes, operating costs, inflation, growth rates which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the Group and the industry.• Performing our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cashflows to evaluate the impact on the recoverable amount.• Evaluated the adequacy of disclosures in the financial statements including disclosures of key assumptions and judgements.



Page 3

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
TROPICAL BATTERY COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Acquisition of Subsidiary

Key audit matter	How the matter was addressed in our audit
<p>On January 30, 2024, the Group acquired 100 percent of Rose Electronics Distributing Company for consideration of \$3.5 billion.</p> <p>The accounting for this transaction is complex due to the significant judgements and estimates that are required to determine the values of the consideration transferred and the identification and measurement of the fair value of the assets acquired and liabilities assumed.</p> <p>Due to the size and complexity of the acquisition, we considered this to be a key audit matter.</p> <p><i>See notes 2(c) and 27 of the financial statements.</i></p>	<p>In performing our audit in respect of this matter, in the main, we performed the following procedures:</p> <ul style="list-style-type: none">• Examined the purchase and shareholder's agreement to understand the terms of the acquisition and the nature of the assets and liabilities acquired.• Challenging the fair value of the contingent consideration, which included assessing future forecast business performance by agreeing amounts to approved forecast and underlying contracts and comparing forecast with historical performance and results since the date of acquisition.• Evaluated the adequacy of disclosures in the financial statement by evaluating whether they are in accordance with the IFRS Standards. In particular, we evaluated the adequacy of the disclosures in showing key judgments made by the Group based on our cumulative audit knowledge and our understanding of the specific acquisition transaction.



Page 4

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
TROPICAL BATTERY COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and/or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.



Page 5

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
TROPICAL BATTERY COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6 to 7, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Sandra Edwards.

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' and the four squares above them.

Chartered Accountants
Kingston, Jamaica

February 10, 2025



Page 6

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
TROPICAL BATTERY COMPANY LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



Page 7

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
TROPICAL BATTERY COMPANY LIMITED

Appendix to the Independent Auditors' report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

TROPICAL BATTERY COMPANY LIMITEDGroup Statement of Financial Position
September 30, 2024

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	4	461,674,349	189,447,956
Accounts receivable	5	974,838,458	474,360,591
Due from related parties	6[b,(i)]	408,776,540	319,813,663
Due from parent company	6[b,(ii)]	56,112,124	44,158,531
Inventories	7	1,629,966,712	958,310,861
Other assets		-	1,526,256
Taxation recoverable		<u>974,962</u>	<u>818,484</u>
		<u>3,532,343,145</u>	<u>1,988,436,342</u>
CURRENT LIABILITIES			
Accounts payable	8	1,396,814,137	443,199,042
Short-term loans	17(ii)	1,986,216,962	10,700,000
Current portion of lease liabilities	11(b)	51,372,228	25,680,587
Current portion of long-term loans	17(i)	<u>98,281,573</u>	<u>372,639,569</u>
		<u>3,532,684,900</u>	<u>852,219,198</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(341,755)</u>	<u>1,136,217,144</u>
NON-CURRENT ASSETS			
Intangible assets	9	93,831,768	38,133,005
Goodwill	9	2,898,755,987	61,120,229
Property, plant and equipment	10	1,214,278,082	180,244,560
Right-of-use assets	11(a)	74,081,728	164,703,065
Employee benefits assets	12(b)	33,211,000	13,866,000
Interest in joint venture	6[b,(vi)]	<u>5,000,000</u>	<u>5,000,000</u>
		<u>4,319,158,565</u>	<u>463,066,859</u>
		<u>\$4,318,816,810</u>	<u>1,599,284,003</u>
Represented by:			
SHAREHOLDERS' EQUITY			
Share capital	15	164,287,800	164,287,800
Capital contribution	16	459,207,861	459,207,861
Accumulated profit		430,754,843	430,654,579
Foreign currency translation		<u>5,270,382</u>	<u>(3,608)</u>
Equity attributable to owners of the company		1,059,520,886	1,054,146,632
Non-controlling interest	28(a)	<u>41,769,031</u>	<u>13,313,744</u>
		<u>1,101,289,917</u>	<u>1,067,460,376</u>
NON-CURRENT LIABILITIES			
Due to fellow subsidiary	6[b,(v)]	500,000,000	-
Lease liabilities	11(b)	28,690,562	154,793,061
Long-term loans	17(i)	2,671,781,372	373,342,685
Deferred tax liability	14(a)	<u>17,054,959</u>	<u>3,687,881</u>
		<u>3,217,526,893</u>	<u>531,823,627</u>
		<u>\$4,318,816,810</u>	<u>1,599,284,003</u>

The financial statements, on pages 7 to 75 were approved for issue by the Board of Directors on February 10, 2025 and signed on its behalf by:



Director
Marc Melville



Director
Alexander Melville

TROPICAL BATTERY COMPANY LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended September 30, 2024

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Gross operating revenue	18	5,622,301,471	2,801,540,923
Cost of operating revenue	19(a)	(3,758,152,425)	(1,925,312,151)
Gross profit		<u>1,864,149,046</u>	<u>876,228,772</u>
Administration, marketing and selling expenses	19(b)	(1,355,609,352)	(630,395,427)
Operating profit		508,539,694	245,833,345
Other income	19(c)	<u>10,833,435</u>	<u>12,640,814</u>
Profit before depreciation and amortisation, net finance costs and taxation		519,373,129	258,474,159
Depreciation and amortisation	9,10,11	(110,398,338)	(56,767,316)
Profit before net finance costs and taxation		<u>408,974,791</u>	<u>201,706,843</u>
Interest income recognised using the effective interest rate method		84,621,784	12,174,725
Finance costs		(475,823,015)	(92,098,881)
Gain on foreign exchange		<u>16,575,099</u>	<u>22,991,968</u>
Net finance costs	20	(374,626,132)	(56,932,188)
Profit before taxation		34,348,659	144,774,655
Taxation	21	(14,488,138)	(4,933,939)
Profit for the year		<u>\$ 19,860,521</u>	<u>139,840,716</u>
(Loss)/Profit attributable to:			
Owners of Tropical Battery Company Limited		(13,179,236)	135,200,116
Non-controlling interest	28(b)	<u>33,039,757</u>	<u>4,640,600</u>
		<u>19,860,521</u>	<u>139,840,716</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Foreign currency translation		689,520	(3,608)
Re-measurement gain/(loss) on employee benefit assets	12(f)	17,706,000	(59,297,000)
Related taxation on re-measurement	14(b)	(4,426,500)	<u>14,824,250</u>
Other comprehensive income, net of taxation		<u>13,969,020</u>	(44,476,358)
Total comprehensive income for the year		<u>\$ 33,829,541</u>	<u>95,364,358</u>
Total comprehensive income attributable to:			
Owners of Tropical Battery Company. Ltd		5,374,254	90,723,758
Non-controlling interest	28(b)	<u>28,455,287</u>	<u>4,640,600</u>
		<u>\$ 33,829,541</u>	<u>95,364,358</u>
Earnings per stock unit	22	(1.00¢)	<u>10.4¢</u>

The accompanying notes form an integral part of the financial statements.

TROPICAL BATTERY COMPANY LIMITED

Group Statement of Changes in Shareholders' Equity
Year ended September 30, 2024

	Share capital (note 15)	Capital contribution (note 16)	Accumulated profit	Foreign currency translation	Non- controlling interest	Total
Balances as at September 30, 2022	<u>156,675,300</u>	<u>459,207,861</u>	<u>391,927,213</u>	<u>-</u>	<u>-</u>	<u>1,007,810,374</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>135,200,116</u>	<u>-</u>	<u>4,640,600</u>	<u>139,840,716</u>
Other comprehensive income:						
Foreign currency translation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,608)</u>	<u>-</u>	<u>(3,608)</u>
Re-measurement income on employee benefit asset, net of taxation	<u>-</u>	<u>-</u>	<u>(44,472,750)</u>	<u>-</u>	<u>-</u>	<u>(44,472,750)</u>
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>(44,472,750)</u>	<u>(3,608)</u>	<u>-</u>	<u>(44,476,358)</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>90,727,366</u>	<u>(3,608)</u>	<u>4,640,600</u>	<u>95,364,358</u>
Transactions with owners of the Company:						
Dividends declared (note 23)	<u>-</u>	<u>-</u>	<u>(52,000,000)</u>	<u>-</u>	<u>-</u>	<u>(52,000,000)</u>
Issue of shares	<u>7,612,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,612,500</u>
Acquisition of subsidiary with NCI	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,673,144</u>	<u>8,673,144</u>
Balances as at September 30, 2023	<u>164,287,800</u>	<u>459,207,861</u>	<u>430,654,579</u>	<u>(3,608)</u>	<u>13,313,744</u>	<u>1,067,460,376</u>
(Loss)/Profit for the year	<u>-</u>	<u>-</u>	<u>(13,179,236)</u>	<u>-</u>	<u>33,039,757</u>	<u>19,860,521</u>
Other comprehensive income:						
Foreign currency translation	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,273,990</u>	<u>(4,584,470)</u>	<u>689,520</u>
Re-measurement income on employee benefit assets, net of taxation	<u>-</u>	<u>-</u>	<u>13,279,500</u>	<u>-</u>	<u>-</u>	<u>13,279,500</u>
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>13,279,500</u>	<u>5,273,990</u>	<u>(4,584,470)</u>	<u>13,969,020</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>100,264</u>	<u>5,273,990</u>	<u>28,455,287</u>	<u>33,829,541</u>
Balances as at September 30, 2024	<u>\$164,287,800</u>	<u>459,207,861</u>	<u>430,754,843</u>	<u>5,270,382</u>	<u>41,769,031</u>	<u>1,101,289,917</u>

The accompanying notes form an integral part of the financial statements.

TROPICAL BATTERY COMPANY LIMITED

Group Statement of Cash Flows

Year ended September 30, 2024

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		19,860,521	139,840,716
Adjustment to reconcile profit for the year to net cash provided by/(used in) operating activities:			
Employee benefits		(1,639,000)	(4,544,000)
Depreciation and amortisation	9,10,11	110,398,338	56,767,316
Taxation expense	21	14,488,138	4,933,939
Interest on loans	20	432,925,658	62,161,882
Interest on lease liabilities	20	13,396,665	12,398,162
Interest income	20	(84,621,784)	(12,174,725)
Unrealised foreign exchange gains		(1,617,977)	75,179
Gain on disposal of property plant and equipment	19(c)	(2,360,575)	(4,371,233)
Foreign currency translation		(75,079,517)	(3,608)
		425,750,467	255,083,628
Changes in working capital:			
Accounts receivable		(35,632,360)	(39,064,256)
Due from related companies		(467,783,360)	(92,749,543)
Due from parent Company		(11,953,593)	-
Inventories		(171,810,891)	(134,675,473)
Other assets		1,526,256	-
Accounts payable		246,578,045	28,272,361
Cash generated by operations		(13,325,436)	16,866,717
Interest received		84,621,784	12,174,725
Interest paid		(443,497,513)	(74,560,044)
Taxation paid		(5,704,038)	(90,675)
Net cash used in operating activities		(377,905,203)	(45,609,277)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the disposal of property, plant and equipment		14,063,898	6,762,907
Acquisition of business	27(a)(i)	(3,068,609,990)	(58,828,196)
Payment on contingent consideration	27	(99,002,724)	-
Issue of shares	15	-	7,612,500
Acquisition of intangible assets	9	(5,209,522)	-
Purchase of property, plant and equipment	10	(112,647,269)	(48,622,300)
Net cash used in investing activities		(3,271,405,607)	(93,075,089)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loans	17(i)	4,182,484,670	278,070,544
Repayment of long-term loans	17(i)	(96,502,888)	(45,549,584)
Proceeds from short-term loan	17(i)	1,392,266,700	-
Repayment of short-term loan	17(i)	(1,392,266,700)	-
Debt issuance costs	17(l)	(86,384,129)	-
Payment of dividends	23	-	(52,000,000)
Payment of lease liabilities	11(d)	(78,267,185)	(20,509,982)
Net cash provided by financing activities		3,921,330,468	160,010,978
Net increase in cash and cash equivalents		272,019,658	21,326,612
Effect of foreign currency on cash and cash equivalents		206,735	-
Cash and cash equivalents at the beginning of the year		189,447,956	168,121,344
Cash and cash equivalents at the end of the year		<u>\$ 461,674,349</u>	<u>189,447,956</u>
Represented by:			
Cash and cash equivalents	4	<u>\$ 461,674,349</u>	<u>189,447,956</u>

The accompanying notes form an integral part of the financial statements.


TROPICAL BATTERY COMPANY LIMITEDCompany Statement of Financial Position
September 30, 2024

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	4	121,410,843	181,506,788
Accounts receivable	5	411,406,917	389,925,796
Due from related parties	6[b,(i)]	408,776,540	319,813,663
Due from parent company	6[b,(ii)]	56,112,124	44,158,531
Due from subsidiaries	6[b,(iii)]	420,834,298	-
Current portion of loan to subsidiary	6[b,(iv)]	1,213,143,657	-
Inventories	7	1,029,920,008	930,146,821
Taxation recoverable		<u>974,963</u>	<u>818,484</u>
		<u>3,662,579,350</u>	<u>1,866,370,083</u>
CURRENT LIABILITIES			
Accounts payable	8	757,727,308	378,551,164
Short-term loans	17(ii)	1,748,164,562	-
Current portion of lease liabilities	11(b)	4,726,178	25,680,587
Current portion of long-term loans	17(i)	<u>98,281,573</u>	<u>350,827,679</u>
		<u>2,608,899,621</u>	<u>755,059,430</u>
NET CURRENT ASSETS		<u>1,053,679,729</u>	<u>1,111,310,653</u>
NON-CURRENT ASSETS			
Loan to subsidiary	6[b,(iv)]	1,938,098,558	-
Intangible assets	9	38,133,005	38,133,005
Property, plant and equipment	10	1,195,600,849	173,142,055
Right-of-use assets	11(a)	30,358,699	164,703,065
Employee benefits assets	12	33,211,000	13,866,000
Interest in subsidiaries	13	70,539,066	69,140,665
Interest in joint venture	6[b,(vi)]	<u>5,000,000</u>	<u>5,000,000</u>
		<u>3,310,941,177</u>	<u>463,984,790</u>
		<u>\$4,364,620,906</u>	<u>1,575,295,443</u>
Represented by:			
SHAREHOLDERS' EQUITY			
Share capital	15	164,287,800	164,287,800
Capital contribution	16	459,207,861	459,207,861
Accumulated profit		<u>552,956,673</u>	<u>425,824,566</u>
		<u>1,176,452,334</u>	<u>1,049,320,227</u>
NON-CURRENT LIABILITIES			
Due to fellow subsidiary	6[b,(v)]	500,000,000	-
Lease liabilities	11(b)	28,690,562	154,793,061
Long-term loans	17 (i)	2,642,423,051	367,494,274
Deferred tax liability	14(a)	<u>17,054,959</u>	<u>3,687,881</u>
		<u>3,188,168,572</u>	<u>525,975,216</u>
		<u>\$4,364,620,906</u>	<u>1,575,295,443</u>

The financial statements, on pages 7 to 75, were approved for issue by the Board of Directors on February 10, 2025 and signed on its behalf by:



Marc Melville Director



Alexander Melville Director

The accompanying notes form an integral part of the financial statements.

TROPICAL BATTERY COMPANY LIMITEDCompany Statement of Profit or Loss and Other Comprehensive Income
Year ended September 30, 2024

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Gross operating revenue	18	2,974,796,573	2,719,853,937
Cost of operating revenue	19(a)	(2,103,832,356)	(1,864,625,864)
Gross profit		<u>870,964,217</u>	<u>855,228,073</u>
Administration, marketing and selling expenses	19(b)	(681,840,843)	(621,316,720)
Operating profit		189,123,374	233,911,353
Other income	19(c)	<u>11,317,908</u>	<u>12,328,881</u>
Profit before depreciation, net finance costs and taxation		200,441,282	246,240,234
Depreciation	10,11	(64,655,544)	(55,832,967)
Profit before net finance costs and taxation		<u>135,785,738</u>	<u>190,407,267</u>
Interest income recognised using the effective interest rate method		423,950,152	12,174,725
Finance costs		(463,498,517)	(90,269,918)
Gain on foreign exchange		<u>26,555,812</u>	<u>22,991,968</u>
Net finance costs	20	(12,992,553)	(55,103,225)
Profit before taxation		122,793,185	135,304,042
Taxation	21	(8,940,578)	(4,933,939)
Profit for the year		<u>113,852,607</u>	<u>130,370,103</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain on employee benefit assets	12(f)	17,706,000	(59,297,000)
Related taxation on re-measurement	14(b)	(4,426,500)	<u>14,824,250</u>
Other comprehensive income, net of taxation		<u>13,279,500</u>	(44,472,750)
Total comprehensive income for the year		<u>\$ 127,132,107</u>	<u>85,897,353</u>
Earnings per stock unit	22	<u>8.7¢</u>	<u>10.0¢</u>

The accompanying notes form an integral part of the financial statements.

TROPICAL BATTERY COMPANY LIMITED

Company Statement of Changes in Shareholders' Equity
Year ended September 30, 2024

	Share capital (note 15)	Capital contribution (note 16)	Accumulated profit	Total
Balances as at September 30, 2022	<u>156,675,300</u>	<u>459,207,861</u>	<u>391,927,213</u>	<u>1,007,810,374</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>130,370,103</u>	<u>130,370,103</u>
Other comprehensive income:				
Re-measurement income on employee benefits asset, net of taxation	<u>-</u>	<u>-</u>	<u>(44,472,750)</u>	<u>(44,472,750)</u>
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>(44,472,750)</u>	<u>(44,472,750)</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>85,897,353</u>	<u>85,897,353</u>
Transactions with owners of the Company:				
Issue of shares	<u>7,612,500</u>	<u>-</u>	<u>-</u>	<u>7,612,500</u>
Dividends declared (note 23)	<u>-</u>	<u>-</u>	<u>(52,000,000)</u>	<u>(52,000,000)</u>
Balances as at September 30, 2023	<u>164,287,800</u>	<u>459,207,861</u>	<u>425,824,566</u>	<u>1,049,320,227</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>113,852,607</u>	<u>113,852,607</u>
Other comprehensive income:				
Re-measurement income on employee benefit asset, net of taxation	<u>-</u>	<u>-</u>	<u>13,279,500</u>	<u>13,279,500</u>
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>13,279,500</u>	<u>13,279,500</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>127,132,107</u>	<u>127,132,107</u>
Balances as at September 30, 2024	<u>\$164,287,800</u>	<u>459,207,861</u>	<u>552,956,673</u>	<u>1,176,452,334</u>

The accompanying notes form an integral part of the financial statements.

TROPICAL BATTERY COMPANY LIMITED

Company Statement of Cash Flows

Year ended September 30, 2024

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		113,852,607	130,370,103
Adjustment to reconcile net profit for the year to net cash provided by/(used in) operating activities:			
Employee benefits		(1,639,000)	(4,544,000)
Depreciation	10,11,12	64,655,544	55,832,967
Taxation expense	21	8,940,578	4,933,939
Interest on loans	20	433,942,505	60,664,115
Interest on lease liabilities	20	12,667,257	12,398,162
Interest income	20	(423,950,152)	(12,174,725)
Unrealised foreign exchange gains		(1,617,977)	-
Gain on disposal of property plant and equipment	19(c)	(2,360,575)	(4,371,233)
		204,490,787	243,109,328
Changes in working capital:			
Accounts receivable		(21,481,121)	8,895,587
Due from related companies		(959,797,175)	(92,749,543)
Due to related parties		(11,953,593)	-
Inventories		(99,773,187)	(135,020,812)
Accounts payable		362,241,986	(2,149,629)
Cash (used in)/generated by operations		(526,272,303)	22,084,931
Interest received		423,950,152	12,174,725
Interest paid		(443,784,952)	(73,062,277)
Taxation paid		(156,479)	(90,675)
Net cash used in operating activities		(546,263,582)	(38,893,296)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the disposal of property, plant and equipment		2,360,575	6,762,907
Investment in subsidiary	13	(1,398,401)	(61,528,165)
Purchase of property, plant and equipment	10	(108,112,227)	(46,716,716)
Net cash used in investing activities		(107,150,053)	(101,481,974)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loans	17(i)	3,942,734,250	271,689,080
Repayment of long-term loans	17(i)	(85,802,888)	(45,418,384)
Proceeds from short-term loan	17(i)	1,392,266,700	-
Repayment of short-term loan	17(i)	(1,392,266,700)	-
Debt issuance costs	17(l)	(86,384,129)	-
Loans subsidiary	6(b)(iv)	(3,151,242,215)	-
Payment of dividends	23	-	(52,000,000)
Payment of lease liabilities	11(d)	(25,482,174)	(20,509,982)
Net cash provided by financing activities		593,822,844	153,760,714
Net (decrease)/increase in cash and cash equivalents		(59,590,791)	13,385,444
Effect of foreign currency on cash and cash equivalents		(505,154)	-
Cash and cash equivalents at the beginning of the year		181,506,788	168,121,344
Cash and cash equivalents at the end of the year		\$ 121,410,843	181,506,788
Represented by:			
Cash and cash equivalents	4	\$ 121,410,843	181,506,788

The accompanying notes form an integral part of the financial statements.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements September 30, 2024

1. Corporate structure and principal activities

Tropical Battery Company Limited (the Company) is incorporated and domiciled in Jamaica, and its registered office is at 30 Automotive Parkway, Kingston 20.

The Company stock units were listed on the Jamaica Stock Exchange Junior Market (JSE) on September 29, 2020. As a result of the issuance of shares in the initial public offering, the Company became a 75% subsidiary of Dai Diverze (Jamaica) Limited (parent Company).

Dai Diverze (Jamaica) Limited (parent Company) is incorporated in Jamaica and is a wholly owned subsidiary of Diverze Assets Inc. (ultimate parent Company), a Company incorporated in St. Lucia.

These financial statements present the results of operations and financial position of the Company and its subsidiaries, collectively referred to as “the Group”.

On January 30, 2024, the Company, through its subsidiary Tropical Battery (USA) LLC, acquired 100% of the shares in Rose Electronics Distributing Company LLC. Rose Electronics Distributing Company LLC (Rose Batteries) is a renowned provider of specialise mission critical custom battery packs tailored for a wide range of applications, including innovative utility grid solutions, industrial systems, medical devices, robotics, drones, and other demanding high-performance sectors.

The Company’s subsidiaries are as follows:

	<u>Domicile of incorporation</u>	
Tropical Battery (USA) LLC	United States of America	100%
Rose Electronics Distributing Company LLC	United States of America	100%
Tropical Mobility Limited	Jamaica	95%
Tropical Renewable Energy Limited	Jamaica	95%
Tropical Finance Limited	Jamaica	95%
Kaya Energy Group, SRL	Dominican Republic	51%

The Group’s associate is as follows:

	<u>Domicile of incorporation</u>	
EnRvate Limited	Jamaica	50.00%

The Group’s primary activities are selling and distributing energy storage solutions, including automotive and renewable energy batteries, across Jamaica and the Caribbean while also providing custom battery assemblies for mission-critical applications through Rose Batteries in the U.S. The Group offers renewable energy solutions and electric mobility sales and services. It is a major exporter of spent batteries for recycling and has expanded into high-growth markets, leveraging investments like Kaya Energy and Rose Batteries to strengthen its presence in the renewable energy and energy storage sectors.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaica Companies Act.

New and amended standards issued and interpretations that became effective during the year:

Effective October 1, 2023, the Group adopted the amendments to IAS 1, which resulted in the Group disclosing *material* accounting policies, rather than *significant* accounting policies, based on the following definition from the amended standard:

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

Other pronouncements under IFRS Accounting Standards did not result in any changes to amounts recognised or disclosed in these financial statements.

New and amended standards issued and interpretations early adopted:

- Effective October 1, 2023, the Group early adopted the amendments to IAS 1 *Presentation of Financial Statements*. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, the standard requires that a right to defer settlement must have substance and exist at the reporting date. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting date. It has now been clarified that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how an entity classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32.

Generally, if a liability has any conversion options that involve a transfer of the entity’s own equity instruments, these would affect its classification as current or non-current. It has now been clarified that an entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current [see note 17(f)].

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued and interpretations that are not effective:

At the date of authorisation of the financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and which the Group have not yet adopted:

- IFRS 18 *Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027.

Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a Company’s main business activities.

All companies are required to report the newly defined ‘operating profit’ subtotal – an important measure for investors’ understanding of a Company’s operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the ‘investing’ category.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a ‘useful structured summary’ of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a Company provides more detailed disclosures about their nature.

Management initial assessment however revealed that IFRS 18 *presentation and disclosure of financial statements* is likely to impact the presentation of the statement of profit or loss and other comprehensive income, Management will however conduct a detailed assessment of the impact that these standards and amendments will have on its financial statements when they become effective.

(b) Basis of preparation:

Items included in the financial statements of each of the Group’s entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The consolidated financial statements are presented in Jamaica dollars (\$), which is the Group’s functional and presentation currency.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

2. Statement of compliance and basis of preparation (continued)

(b) Basis of preparation (continued):

The financial statements are prepared under the historical cost convention, except for the inclusion of defined benefits asset and obligation at fair value of plan assets less the present value of the defined benefits asset and obligation as explained in note 3(n).

The material accounting policies stated in paragraph (c) and note 3 below conform in all material respects with IFRS.

(c) Basis of consolidation:

(i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group accounts for business combination under the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired include at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has the option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

2. Statement of compliance and basis of preparation (continued)

(c) Basis of consolidation (continued):

(i) Business combinations (continued):

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date.

(ii) Subsidiaries:

A subsidiary is an entity controlled by the Group. The Group “controls” an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The subsidiary companies are listed in note 1 and are referred to as “subsidiaries” or “subsidiary” in these financial statements.

The financial statements comprise the consolidated financial results of the Company and its subsidiaries prepared to September 30, 2024.

Investment in subsidiaries is measured in the financial statements of the Company at cost, less impairment losses, if any.

All significant inter-Company transactions are eliminated.

(iii) Loss of control:

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

2. Statement of compliance and basis of preparation (continued)

(c) Basis of consolidation (continued):

(iv) Joint venture:

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on the equity accounting basis.

If the Group's share of losses exceeds its interest in a joint venture the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture. If the joint venture subsequently reports gains, the Group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

(v) Non-controlling interests (NCI):

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(vi) Transactions eliminated in consolidation:

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(d) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

The estimates and assumptions underlying them, as well as judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(i) Pension and other post-retirement benefits:

The amounts recognised in the statement of financial position and profit or loss for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The expected return on plan assets considers the long-term returns, asset allocation and future estimates of long-term investment returns; the discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Group's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenure security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in the foregoing assumptions will affect the amounts recorded in the financial statements for these obligations (see note 12).

(ii) Acquisition of subsidiary:

The fair value of the consideration transferred, and fair value of the assets acquired, and liabilities assumed are measured at fair value see note [9].

(iii) Impairment of goodwill

Impairment of goodwill and other intangibles is dependent upon management's internal assessment of future cash flows from the cash-generating units that gave rise to the goodwill and intangible assets. Those internal assessments determine the amount recoverable from the cash generating units and are sensitive to the discount rates used, as well as the economic assumptions of growth [see note 9 (c)].

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies

(a) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and investments with maturities of three months or less from the date of placement and are measured at amortised cost. The investments are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term commitments.

(b) Accounts receivable:

Trade and other receivables are initially measured at the transaction price and subsequently at amortised cost.

(c) Related parties:

A related party is a person or entity that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions apply:

- (i) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (iv) The entity is a post-employment benefit plan established for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (v) The entity is controlled, or jointly controlled by a person identified in (a).

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(c) Related parties (continued):

(b) An entity is related to the reporting entity if any of the following conditions apply (continued):

- (vi) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity (or of a parent of the entity).
- (vii) The entity, or any member of a Group of which it is part, provides key management personnel services to the Company or to the parent of the Company.

A related party transaction involves transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The Company has a related party relationship with its directors, parent Company, jointly controlled entities, and post-employment benefit plan, as well as with its trustees and key management personnel. “Key management personnel” represents certain senior officers of the Company.

(d) Inventories:

Inventories are measured at the lower of cost, materially determined on the weighted average basis, and net realisable value.

The Group classifies photovoltaic panels, batteries, inverters and other related parts as solar inventory. Solar inventory is valued at lower of weighted average cost and net realisable value. Any impairment of solar inventory items due to obsolescence or slow-moving stock is recognised and disclosed as part of inventory management process. Solar inventory is assessed regularly to ensure that carrying amounts are not greater than their net realisable value. If inventory is written down, the amount of the write-down is recognised in profit or loss under cost of operating revenue.

(e) Accounts payable:

Trade and other payables are measured at amortised cost.

(f) Provisions:

A provision is recognised in the statement of financial position when the Group or Company has an obligation as a result of a past event and a reasonable estimate can be made and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(g) Property, plant and equipment:

(i) Owned assets:

Items of property, plant and equipment are measured at cost or valuation, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets.

The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefit associated with the expenditure will flow to the Group.

(iii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates to write down the property, plant and equipment to their estimated residual values at the end of their expected useful lives.

Leasehold improvements	- Over the period of the lease
Furniture, machinery and equipment	- 10%
Computers	- 25%
Motor vehicles	- 20%
Right-of-use assets	- Over the period of the lease
Buildings	- 2.5 %

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

(h) Leases:

As a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(h) Leases (continued):

As a lessee (continued):

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Intangible assets:

Brands:

Brands represent expenditure incurred for the exclusive right to assume specific trade names and logos associated with the business. These intangible assets are determined to have an indefinite useful life and are tested annually for impairment.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(i) Intangible assets (continued):

Computer software:

Costs that are directly associated with acquiring identifiable software products which are expected to generate economic benefits beyond one year, are recognised as intangible assets. These assets are measured at cost, less accumulated amortisation and, if any, impairment losses. The assets are amortised using the straight-line method over their expected useful lives, estimated between five to seven years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Goodwill:

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(j) Taxation:

Taxation on profit or loss for the year comprises current and deferred tax. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(k) Revenue recognition:

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15.
Revenue from the sale of batteries, oils, lubricants, tyres, renewable energy solutions and other accessories	<p>Revenue is recognised when goods are provided to the customers based on the terms specified in the contract. Invoices are generated and the revenue is recognised at that point in time. Volume discounts are given to customers.</p> <p>Invoices are usually payable within 5-30 days.</p> <p>Discounts are offered to customers ranging from 3-32.5%.</p>	Revenue is recognised when the goods are provided and have been accepted by the customers.
On site installation and repairs services	<p>The Group provides on site installations and repair services to its industrial and marine clients</p> <p>A fee is charged based on the nature of installation and repairs. These services are billed and settled when the service has been completed.</p> <p>Invoices are usually payable within 5-30 days.</p>	Revenue is recognised at the point in time when service has taken place.
Mobile response services	<p>The Company offers roadside assistance including jump starts, battery and electrical system diagnostics.</p> <p>A fixed fee is charged based on the service. These services are billed and settled when the service has been completed.</p> <p>Invoices are usually payable within 5-30 days.</p>	Revenue is recognised at the point in time when service has taken place.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(l) Operating profit:

Operating profit is the result generated from continuing principal revenue – producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes depreciation and amortisation, net finance costs, share of profit of equity accounted investees and taxation.

(m) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaica dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at exchange rates ruling at the reporting date.
- (ii) Income and expenses for each income statement are translated at average exchange rates.

(n) Employee benefits:

(i) Pension assets:

Pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion.

The actuarial valuation was conducted in accordance with IAS 19, and the financial statements reflect the Group's post-employment benefit assets and obligations as computed by the actuary.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(n) Employee benefits (continued):

(ii) Defined benefit pension scheme:

The Group is a participating employer in a defined benefit pension scheme, the assets of which are held separately from those of the Group.

The Group's net obligation in respect of the defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of scheme assets is deducted. To the extent that the obligation is less than the fair value of scheme assets, the asset recognised is restricted to the discounted value of future benefits available to the Group.

The discount rate applied is the yield at reporting date on long-term government instruments that have maturity dates approximating the term of the Group's obligation. The calculation is performed using the projected unit credit method.

Where the calculation results in a pension surplus to the Group, the recognised asset is limited to the present value of any future refunds from the scheme or reductions in the future contributions to the scheme.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income.

(iii) Other employee benefits:

Employee entitlement to leave is recognised when it accrues to employees. A provision is made for the estimated liability for annual leave, as a result of services rendered by employees up to the reporting date.

(o) Dividends and distributions:

Dividends and distributions are recognised in the period in which they are declared.

(p) Net finance costs:

Net finance costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, material bank charges and foreign exchange gains and losses recognised in profit or loss.

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(q) Borrowings:

(i) Debt issuance costs:

These represent legal, accounting and financing fees associated with securing certain long-term loans, which are amortised on an effective rate basis over the lives of the loans.

(ii) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at fair value plus transaction costs directly attributable to the issue of the financial liabilities. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest method.

(r) Impairment:

(i) Financial assets:

The Group recognises loss allowances for ECLs on financial assets, measured at amortised cost.

The Group measures loss allowances for trade and other receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and also includes forward looking information.

The Group recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action, such as realising security, if any is held; or
- the financial asset is more than 360 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(r) Impairment (continued):

(i) Financial assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(r) Impairment (continued):

(i) Financial assets (continued):

Write-off (continued)

This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

A provision for impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the effective interest rate.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets (other than deferred tax assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(s) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable and related party receivables. Similarly, financial liabilities include accounts payable, related party payables and loans.

(i) Financial assets:

Recognition and initial measurement

Accounts receivable are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Recognition and initial measurement

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as “Held to collect” and measured at amortised cost.

Amortised cost represents the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Accounts receivable
- Related party receivables

Due to their short-term nature, the Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in their accounting policy notes.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(s) Financial instruments (continued):

(i) Financial assets (continued):

Impairment of financial assets

Impairment losses of financial assets, including receivables, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering their measurement of past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities:

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities, which include accounts payable, short-term and long-term loans, are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their recording as described in their accounting policy notes.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

3. Material accounting policies (continued)

(s) Financial instruments (continued):

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(t) Fair value disclosures:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The Group's financial instruments lack an available trading market. Further, the Group has no financial instruments that are carried at fair value. The carrying value of the Group's financial instruments approximates their fair value.

(u) Segment reporting:

A segment is a distinguishable component of the Group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of the other segments.

4. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cash and bank balances	430,128,208	149,933,843	89,864,702	141,992,675
Short-term investments	<u>31,546,141</u>	<u>39,514,113</u>	<u>31,546,141</u>	<u>39,514,113</u>
	<u>\$461,674,349</u>	<u>189,447,956</u>	<u>121,410,843</u>	<u>181,506,788</u>

Short-term investments earn interest at 1.5% to 2% (2023: 1.5% to 2%) per annum, with maturities of three months or less from date of acquisition.

5. Accounts receivable

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Trade receivables (a)	693,718,741	291,990,394	287,553,790	272,467,706
Others (b)	<u>309,388,597</u>	<u>205,243,916</u>	<u>151,023,517</u>	<u>140,331,809</u>
	1,003,107,338	497,234,310	438,577,307	412,799,515
Less: Allowance for impairment loss (note 259a)]	(<u>28,268,880</u>)	(<u>22,873,719</u>)	(<u>27,170,390</u>)	(<u>22,873,719</u>)
	<u>\$ 974,838,458</u>	<u>474,360,591</u>	<u>411,406,917</u>	<u>389,925,796</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

5. Accounts receivable (continued)

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
(a) Trade receivables as detailed below:				
Balances at the beginning of the year	291,990,394	266,855,997	272,467,706	266,855,997
Arising on acquisition of subsidiary	331,116,829	19,522,688	-	-
Increase due to cash received	<u>70,611,518</u>	<u>5,611,709</u>	<u>15,086,084</u>	<u>5,611,709</u>
Balances at the end of the year	<u>\$693,718,741</u>	<u>291,990,394</u>	<u>287,553,790</u>	<u>272,467,706</u>

Trade receivables include \$11,619,687 (2023: \$7,340,908) due from a related party.

The Group's exposure to credit and currency risks and impairment loss related to trade accounts receivables are disclosed in note 25(a).

(b) Others detailed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
General consumption tax	33,318,501	40,726,546	33,318,501	40,726,546
Staff loans	24,221,578	26,286,416	23,785,843	26,016,241
Prepayments	100,046,996	55,727,017	69,392,400	49,778,547
Others	<u>151,801,522</u>	<u>82,503,937</u>	<u>24,526,773</u>	<u>23,810,475</u>
	<u>\$309,388,597</u>	<u>205,243,916</u>	<u>151,023,517</u>	<u>140,331,809</u>

*Staff loans attract interest at rates ranging from 2.5% to 7%. The difference between the fair value of the loans and their carrying value is not material to the financial statements.

6. Related party balances and transactions

(a) Identity of related parties:

The Company has related party relationships with its ultimate parent Company, its parent Company, subsidiaries, fellow subsidiaries, joint venture, its directors, key management personnel and other related companies controlled by key management personnel.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)

September 30, 20246. Related party balances and transactions (continued)

- (b) The statement of financial position includes the following balances arising in the ordinary course of business with related parties:

- (i) Due from related parties (current):

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
<i>Related companies</i>		
Chukka Caribbean Adventure Limited (Jamaica)	8,214,635	4,597,132
Reside Realty Limited (a)	27,863	6,656,397
<i>Fellow subsidiary</i>		
Diverze Properties Limited (b)	384,602,883	302,887,218
<i>Joint venture</i>		
Enrvate Limited (a)	10,931,159	5,672,916
Directors' current account (a)	<u>5,000,000</u>	<u>-</u>
	<u>\$408,776,540</u>	<u>319,813,663</u>

- (a) These balances are unsecured, interest-free and repayable on demand. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

- (b) See note 17(g) for terms of loan.

- (ii) Due from parent Company (current):

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
Dai Diverze (Jamaica) Limited	<u>\$56,112,124</u>	<u>44,158,531</u>

This balance is unsecured, interest-free and repayable on demand. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of this amount.

- (iii) Due from subsidiaries (current):

	<u>Company</u>	
	<u>2024</u>	<u>2023</u>
Tropical Mobility Limited	3,560,714	-
Tropical Renewable Energy Limited	25,855,900	-
KAYA Energy Group SRL	8,531,374	-
Tropical Battery (USA) LLC	<u>382,886,310</u>	<u>-</u>
	<u>\$420,834,298</u>	<u>-</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

6. Related party balances and transactions (continued)

- (b) The statement of financial position includes the following balances arising in the ordinary course of business with related parties (continued):

- (iv) Loan to subsidiary (non-current):

These balances are unsecured, interest-free and repayable on demand. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by these subsidiaries.

	<u>Company</u>	
	<u>2024</u>	<u>2023</u>
Tropical Battery (USA) LLC	3,151,242,215	-
Less: Current portion	(1,213,143,657)	-
Long-term portion	<u>\$1,938,098,558</u>	<u>-</u>

See note 17(f)

- (v) Due to fellow subsidiary (non-current):

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
Diverze Properties Limited	\$ <u>500,000,000</u>	<u>-</u>

This balance is unsecured bears, interest at of 11%, per annum and not repayable before September 30, 2026.

- (vi) Interest in joint venture

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
Enrvate Limited	\$ <u>5,000,000</u>	<u>5,000,000</u>

In 2021, the Group entered a strategic partnership to provide energy saving solutions to the automobile industry. To carry out this mandate, Enrvate Limited ('Enrvate') was formed as part of an arrangement in which the Company has joint control and a 50% ownership interest. Enrvate is structured as a separate entity and the Company has residual interest in its net assets. Accordingly, the Company has classified its interest in Enrvate as a joint venture. In accordance with the agreement under which Enrvate is established, the Company and the other investor have agreed to seek additional contributions from selected partners of between \$24 million to \$36 million to fund the operations over the next financial year, following which, additional funding will be sought where required. There was no trading during the financial year.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)

September 30, 20246. Related party balances and transactions (continued)

- (c) The statement of profit and loss and other comprehensive income includes the following balances arising in the ordinary course of business with related parties:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	\$	\$	\$	\$
Sale of goods and services to other related parties:				
Chukka Caribbean Adventure Limited (Jamaica)	<u>3,617,503</u>	<u>13,521,925</u>	<u>3,617,503</u>	<u>13,521,925</u>
Sale of goods and services to subsidiary:				
Kaya Energy Group SRL	<u>-</u>	<u>-</u>	<u>58,581,730</u>	<u>-</u>
Purchase of goods and services from subsidiary:				
Tropical Mobility Limited	<u>-</u>	<u>-</u>	<u>28,492,862</u>	<u>-</u>
	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	\$	\$	\$	\$
Transactions with fellow Subsidiary - Diverze Properties Limited (note 10,11):				
Interest on lease liabilities	12,623,857	11,850,932	12,623,857	11,850,932
Lease payments	25,048,500	29,100,000	25,048,500	29,100,000
Professional fees earned	(7,236,867)	(5,633,333)	(7,236,867)	(5,633,333)
Interest income earned [note 6 (b)(i)]	(63,941,534)	(8,285,665)	(63,941,534)	(8,285,665)
Transaction with subsidiaries:				
Interest income	<u>-</u>	<u>-</u>	<u>(344,363,108)</u>	<u>-</u>

- (d) Key management personnel compensation:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	\$	\$	\$	\$
Directors' emoluments				
-as management	38,574,637	22,945,125	17,944,817	22,945,125
Director's fees	400,000	300,000	400,000	300,000
Compensation for key management:				
Short-term benefits	<u>36,894,863</u>	<u>21,772,201</u>	<u>27,837,983</u>	<u>21,772,201</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

7. Inventories

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Finished goods:				
Tyres	445,929	6,521,852	445,929	6,521,852
Batteries	515,459,228	475,320,042	479,835,678	447,156,002
Oils	93,400,221	62,048,880	93,400,221	62,048,880
Accessories	129,415,921	197,534,056	129,415,921	197,534,056
Solar	91,548,026	-	59,057,355	-
Raw material	497,615,991	-	-	-
Work-in-progress	35,328,671	-	-	-
Inventories-in-transit	<u>273,108,518</u>	<u>219,405,113</u>	<u>270,283,986</u>	<u>219,405,113</u>
	1,636,322,505	960,829,943	1,032,439,090	932,665,903
Written down to net realisable value	(<u>6,355,793</u>)	(<u>2,519,082</u>)	(<u>2,519,082</u>)	(<u>2,519,082</u>)
	<u>\$1,629,966,712</u>	<u>958,310,861</u>	<u>1,029,920,008</u>	<u>930,146,821</u>

Inventories written fully off during the year amounted to \$17,786,186 for the Group (2023: \$6,919,518) and \$8,200,000 for the Company (2023: \$6,919,518) and were recognised in profit or loss.

8. Accounts payable

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Trade payables	774,934,031	367,221,878	633,592,824	302,619,406
Dividends payable	2,333,070	735,443	2,333,070	735,443
Contingent payment payable - Rose Batteries acquisition [note 27 (a)(i)]	333,154,966	-	-	-
Accruals	141,184,575	13,500,000	44,057,291	12,790,045
Other payables	<u>145,207,495</u>	<u>61,741,721</u>	<u>77,744,123</u>	<u>62,406,270</u>
	<u>\$1,396,814,137</u>	<u>443,199,042</u>	<u>757,727,308</u>	<u>378,551,164</u>

9. Intangible assets and goodwill

	<u>The Group</u>			
	<u>Brands</u>	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
Cost or valuation:				
September 30, 2023	38,133,005	-	61,120,229	99,253,234
Arising on acquisition of subsidiary [see note 27(a) (iii)]	-	77,439,256	2,831,162,172	2,908,601,428
Movement in Kaya goodwill during the year	-	-	8,682,774	8,682,774
Foreign currency adjustment	-	977,987	(2,209,188)	(1,231,201)
Additions	-	<u>5,209,522</u>	-	<u>5,209,522</u>
September 30, 2024	<u>38,133,005</u>	<u>83,626,765</u>	<u>2,898,755,987</u>	<u>3,020,515,757</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

9. Intangible assets and goodwill (continued)

	The Group			
	<u>Brands</u>	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
Amortization:				
Arising on acquisition				
of subsidiary [see note 27(a)				
(iii)]	-	25,375,498	-	25,375,498
Charge for the year	-	2,053,847	-	2,053,847
Foreign currency adjustment	-	498,657	-	498,657
September 30, 2024	-	27,928,002	-	27,928,002
Net book values:				
September 30, 2024	<u>\$38,133,005</u>	<u>55,698,763</u>	<u>2,898,755,987</u>	<u>2,992,587,755</u>
September 30, 2023	<u>\$38,133,005</u>	<u>-</u>	<u>61,120,229</u>	<u>99,253,234</u>

This is represented on the statement of financial position as follows:

	Group	
	<u>2024</u>	<u>2023</u>
Intangible assets	93,831,768	38,133,005
Goodwill	<u>2,898,755,987</u>	<u>61,120,229</u>
	<u>\$2,992,587,755</u>	<u>99,253,234</u>
	Company	
	<u>2024</u>	<u>2023</u>
Intangible assets		
Brands (a)	<u>\$38,133,005</u>	<u>38,133,005</u>

- (a) These brands represent the acquisition of certain assets as part of the Caribrake and Autopower Brands. These assets are carried at cost as intangible assets with indefinite life. There is no foreseeable limit on the period during which the Group expects to consume the future economic benefits embodied in the asset.

The entity projects that the use of these brands will be made indefinitely, whilst the brands would be tested for impairment in line with IAS 36. As at the reporting period no impairment was identified.

- (b) The software represents computer software programs.
- (c) Goodwill of \$2,831,162,172 [note 27(a)(iii)] is attributable to the acquisition of Rose Electronics Distributing Company LLC and \$67,593,815 to the acquisition of Kaya Energy Group, SRL.

In testing goodwill and intangible assets for impairment, recoverable amounts of cash-generating units were estimated based on value in use. Where the recoverable amounts exceed the carrying amount, no impairment allowance is made. The recoverable amount of the cash-generating unit (CGU) was arrived at by estimating its future cash flows and discounting those cash flows using long-term discount rates applicable to the respective jurisdiction. Future sustainable cash flows were estimated based on the most recent forecasts, based on past experience and management's plans.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

9. Intangible assets and goodwill (continued)

(c) (Continued):

In all cases, projected cash flows are taken over 5 years and a long-term growth rate is applied to determine a terminal value which is then discounted to present value using an appropriate discount rate.

Key assumptions used in the discounted cash flow projections were as follows:

2024

Kaya Energy Group, SRL (CGUs)

Discount rate	12.71%
Growth rate	<u>5.00%</u>

The discount rate was a post-tax measure estimated based on the weighted average cost of capital, a possible debt leveraging of 60 percent at a market interest rate of 8.1 percent.

The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

2024

Rose Batteries(CGUs)

Discount rate	14.31%
Growth rate	<u>5.00%</u>

The discount rate was a post-tax measure estimated based on the weighted average cost of capital, a possible debt leveraging of 45 percent at a market interest rate of 8.1%

The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

10. Property, plant and equipment

	The Group						
	Computers	Leasehold improvements	Land and building	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
Cost:							
September 30, 2022	75,046,941	76,899,973	-	8,343,610	172,843,628	85,303,283	418,437,435
Additions	5,794,557	1,803,179	-	-	12,924,600	28,099,964	48,622,300
Disposal	-	-	-	-	-	(7,063,518)	(7,063,518)
September 30, 2023	80,841,498	78,703,152	-	8,343,610	185,768,228	106,339,729	459,996,217
Acquired through business combination	11,967,185	798,155	-	45,133,499	45,429,221	-	103,328,060
Additions	7,697,549	3,823,496	950,000,000	701,770	38,259,430	62,165,024	1,062,647,269
Disposal	-	-	-	-	(41,645,206)	(9,733,543)	(51,378,749)
Foreign currency adjustment	62,301	5,312	-	305,019	(745,629)	(553,404)	(926,401)
September 30, 2024	<u>100,568,533</u>	<u>83,330,115</u>	<u>950,000,000</u>	<u>54,483,898</u>	<u>227,066,044</u>	<u>158,217,806</u>	<u>1,573,666,396</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2024

10. Property, plant and equipment (continued)

	The Group (continued)						
	Computers	Leasehold improvements	Land and building	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
Depreciation:							
September 30, 2022	51,942,971	17,799,992	-	8,343,610	99,989,278	73,191,934	251,267,785
Charge for the year	10,463,401	1,744,398	-	-	12,365,714	8,582,203	33,155,716
Eliminated on disposal	-	-	-	-	-	(4,671,844)	(4,671,844)
September 30, 2023	62,406,372	19,544,390	-	8,343,610	112,354,992	77,102,293	279,751,657
Acquired through business combination	8,205,075	558,085	-	33,940,902	31,907,227	-	74,611,289
Charge for the year	11,802,818	1,789,759	-	3,887,384	15,094,588	12,164,837	44,739,386
Eliminated on disposal	-	-	-	-	(29,941,883)	(9,733,543)	(39,675,426)
Foreign currency adjustment	70,032	3,714	-	251,735	(354,133)	(9,940)	38,592
September 30, 2024	82,484,297	21,895,948	-	46,423,631	129,060,791	79,523,647	359,388,314
Net book values:							
September 30, 2024	<u>\$18,084,236</u>	<u>61,434,167</u>	<u>950,000,000</u>	<u>8,060,267</u>	<u>98,005,253</u>	<u>78,694,159</u>	<u>1,214,278,082</u>
September 30, 2023	<u>\$18,435,126</u>	<u>59,158,762</u>	<u>-</u>	<u>-</u>	<u>73,413,236</u>	<u>29,237,436</u>	<u>180,244,560</u>
	The Company						
	Computers	Leasehold improvements	Land and building	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
Cost:							
September 30, 2022	74,571,559	76,899,973	-	8,343,610	171,103,123	72,012,265	402,930,530
Additions	5,692,771	1,803,179	-	-	12,794,988	26,425,778	46,716,716
Disposal	-	-	-	-	-	(7,063,518)	(7,063,518)
September 30, 2023	80,264,330	78,703,152	-	8,343,610	183,898,111	91,374,525	442,583,728
Additions	7,044,666	3,823,496	950,000,000	-	37,300,230	59,943,835	1,058,112,227
Disposal	-	-	-	-	-	(9,733,543)	(9,733,543)
September 30, 2024	87,308,996	82,526,648	950,000,000	8,343,610	221,198,341	141,584,817	1,490,962,412
Depreciation:							
September 30, 2022	51,633,720	17,799,992	-	8,343,610	98,651,190	65,463,638	241,892,150
Charge for the year	10,432,430	1,744,398	-	-	12,265,364	7,779,175	32,221,367
Eliminated on disposal	-	-	-	-	-	(4,671,844)	(4,671,844)
September 30, 2023	62,066,150	19,544,390	-	8,343,610	110,916,554	68,570,969	269,441,673
Charge for the year	10,287,294	1,789,759	-	-	13,070,640	10,505,740	35,653,433
Eliminated on disposal	-	-	-	-	-	(9,733,543)	(9,733,543)
September 30, 2024	72,353,444	21,334,149	-	8,343,610	123,987,194	69,343,166	295,361,563
Net book values:							
September 30, 2024	<u>\$14,955,552</u>	<u>61,192,499</u>	<u>950,000,000</u>	<u>-</u>	<u>97,211,147</u>	<u>72,241,651</u>	<u>1,195,600,849</u>
September 30, 2023	<u>\$18,198,180</u>	<u>59,158,762</u>	<u>-</u>	<u>-</u>	<u>72,981,557</u>	<u>22,803,556</u>	<u>173,142,055</u>

During the year additions to property, plant and equipment include cash transactions of \$112,647,269 (2023: \$ 48,622,300) for the Group and \$108,112,227 (2023: \$ 46,716,716) for the Company and non-cash transactions of \$950,000,000 (2023: nil) for the Group and the Company.

Property, plant and equipment are held as security for a private placement of a \$300 million bond [see notes 17(b)]. The Company shall not either in a single transaction or in a series of transactions, whether related or not and whether voluntarily or involuntarily, sell, transfer or grant a lease or otherwise dispose of all or any part of its assets exceeding 10% of tangible net worth in any transaction or series of transactions.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

10. Property, plant and equipment (continued)

The Company purchased land and building of \$950,000,000 on September 19, 2024, from Diverze Properties Limited, a fellow subsidiary. The Company had leased the land and building in previous years. The acquisition is expected to generate significant cost savings for the Group and will provide the necessary resources to expand its operations and pursue growth initiatives. Included in Land and building is land with a carrying value of \$430,000,000.

11. Leases

The Company and the Group lease property and equipment. The leases typically run for 1 to 10 years. The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term. Certain leased properties are held with Diverze Properties Limited, a fellow subsidiary. See note 10 above and note 6(c) for transactions with Diverze Properties Limited relating to leases.

(a) Right-of-use assets:

	<u>Group</u>		<u>Company</u>	
	<u>Leasehold land and buildings</u>		<u>Leasehold land and buildings</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Balance at October 1	164,703,065	132,897,745	164,703,065	132,897,745
On acquisition of subsidiary [note 27(a)(iii)]	77,552,444	-	-	-
Lease modification	773,579	55,416,920	-	55,416,920
Derecognition of lease	(105,342,255)	-	(105,342,255)	-
Depreciation charge for the year [note 11(c)]	(63,605,105)	(23,611,600)	(29,002,111)	(23,611,600)
Balance at September 30	<u>\$ 74,081,728</u>	<u>164,703,065</u>	<u>30,358,699</u>	<u>164,703,065</u>

(b) Lease liabilities:

Maturity analysis – contractual undiscounted cash flows:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Up to one year	54,864,462	38,347,844	8,218,412	38,347,844
One to five years	25,259,344	143,858,880	25,259,344	143,858,880
More than five years	<u>8,777,177</u>	<u>45,282,298</u>	<u>8,777,177</u>	<u>45,282,298</u>
	88,900,983	227,489,022	42,254,933	227,489,022
Less: future interest	(8,838,193)	(47,015,374)	(8,838,193)	(47,015,374)
Total discounted lease liabilities at year end	80,062,790	180,473,648	33,416,740	180,473,648
Less: current portion	(51,372,228)	(25,680,587)	(4,726,178)	(25,680,587)
Non-current	<u>\$ 28,690,562</u>	<u>154,793,061</u>	<u>28,690,562</u>	<u>154,793,061</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

11. Leases (continued)

(c) Amounts recognised in profit or loss:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	\$	\$	\$	\$
Interest on lease liabilities (note 20)	13,396,665	12,398,162	12,667,257	12,398,162
Depreciation on right-of-use assets [note 11(a)]	63,605,105	23,611,600	29,002,111	23,611,600
Short-term lease rentals	<u>-</u>	<u>7,233,594</u>	<u>-</u>	<u>7,233,594</u>

(d) Amounts recognised in the statement of cash flows:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total cash outflows for lease				
Interest payments	13,396,665	12,398,162	12,667,257	12,398,162
Principal payments	<u>78,267,185</u>	<u>20,509,982</u>	<u>25,482,174</u>	<u>20,509,982</u>
	<u>\$91,663,850</u>	<u>32,908,144</u>	<u>38,149,431</u>	<u>32,908,144</u>

12. Employee benefits

(a) Employee benefits assets:

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
Present value of funded obligations[12(c)]	(248,901,000)	(231,249,000)
Fair value of plan assets[12(d)]	<u>282,112,000</u>	<u>245,115,000</u>
Recognised pension asset[12(b)]	<u>\$ 33,211,000</u>	<u>13,866,000</u>

The Group operates a defined benefit pension scheme covering all permanent employees of Tropical Battery Company Limited. The Trustees of the pension scheme are required by law and the Trust deed to act in the interest of the scheme and all relevant stakeholders. The Trustees of the scheme are responsible for the investment policy with regard to the assets of the scheme. The scheme is funded at 10% of pensionable salaries, being 5% by members and 5% by the sponsoring entity within the Group. Members may contribute up to an additional 5%.

The Group expects to pay \$7,226,000 in contributions to its defined benefits scheme in 2025.

Risks associated with defined benefit pension scheme:

Through its defined benefit pension scheme, the Group is exposed to a number of risks, the most significant of which are detailed below:

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

12. Employee benefits (continued)

(a) Employee benefits assets (continued):

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the scheme matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the scheme efficiently.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the scheme's assets are either unaffected by fixed interest bonds; meaning that an increase in inflation will reduce the surplus or create a deficit.

(b) Movement in the amounts recognised in the statement of financial position:

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
Balance at beginning of year	13,866,000	68,619,000
Net expense in profit or loss and other comprehensive income	12,494,000	(61,368,000)
Contribution paid	<u>6,851,000</u>	<u>6,615,000</u>
Balance at end of year[12(a)]	<u>\$33,211,000</u>	<u>13,866,000</u>

(c) Movements in funded obligations:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	(231,249,000)	(200,085,000)
Benefits paid	8,492,000	5,380,000
Interest cost	(26,594,000)	(23,010,000)
Current service cost	(18,208,000)	(17,138,000)
Re-measurement gained due to experience	12,092,000	3,604,000
Re-measurement gained due to financial assumptions	<u>6,566,000</u>	<u>-</u>
Balance at end of year[12(a)]	<u>\$(248,901,000)</u>	<u>(231,249,000)</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

12. Employee benefits (continued)

(d) Movement in plan assets:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets at beginning of year	245,115,000	268,704,000
Contributions paid	19,551,000	17,965,000
Expected return on plan assets	28,719,000	31,359,000
Benefits paid	(10,321,000)	(10,012,000)
Re-measurement of actuarial gains	(952,000)	(62,901,000)
Fair value of plan assets at end of year[12(a)]	<u>\$282,112,000</u>	<u>245,115,000</u>
Plan assets consist of the following:		
Fixed-income securities and other investments	252,625,000	224,534,000
Net current assets	<u>29,487,000</u>	<u>20,581,000</u>
	<u>\$282,112,000</u>	<u>245,115,000</u>

The distribution of the fair value of the plan assets attributable to the defined benefit scheme, was as follows:

	<u>Group and Company</u>			
	<u>2024</u>		<u>2023</u>	
	\$	%	\$	%
Equity securities	205,782,000	81	140,942,000	63
Government of Jamaica securities	22,347,000	9	15,111,000	7
Company's own equity shares	-	-	44,227,000	20
Corporate bonds	<u>24,496,000</u>	<u>10</u>	<u>24,254,000</u>	<u>10</u>
	<u>252,625,000</u>	<u>100</u>	<u>224,534,000</u>	<u>100</u>

(e) Expense recognised in profit or loss, net:

	<u>2024</u>	<u>2023</u>
Interest on obligations and current service cost	\$(<u>5,212,000</u>)	(<u>2,071,000</u>)

Total expense is recognised in administration, marketing and selling expenses in profit or loss.

(f) Items in other comprehensive income:

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
Re-measurement gains on obligations	18,658,000	3,604,000
Re-measurement gains on plan assets	(952,000)	(62,901,000)
	<u>\$17,706,000</u>	<u>(59,297,000)</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

12. Employee benefits (continued)

- (g) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<u>2024</u>	<u>2023</u>
Discount rate	11.0%	11.5%
Long-term rate of inflation	6.0%	5.0%
Future salary increases	<u>8.0%</u>	<u>9.5%</u>

Assumptions regarding future mortality are based on PA (90) Tables for Pensioners (British Mortality Tables). The expected long-term rate is based on assumed long-term rate of inflation.

- (h) Sensitivity analysis of key economic assumptions:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation.

	<u>Group and Company</u>					
	<u>2024</u>				<u>2023</u>	
	<u>1%</u> <u>Increase</u> <u>\$'000</u>	<u>1%</u> <u>Decrease</u> <u>\$'000</u>	<u>2%</u> <u>Increase</u> <u>\$'000</u>	<u>2%</u> <u>Decrease</u> <u>\$'000</u>	<u>1%</u> <u>Increase</u> <u>\$'000</u>	<u>1%</u> <u>Decrease</u> <u>\$'000</u>
Discount rate	25,939	(32,162)	47,155	(71,460)	25,367	(31,430)
Future salary increases	<u>(14,501)</u>	<u>(12,862)</u>	<u>(30,863)</u>	<u>(24,278)</u>	<u>(14,933)</u>	<u>13,179</u>

- (i) At September 30, 2024, the weighted average duration of the defined benefit obligation was 13.8 years (2023: 14.6 years).

13. Interest in subsidiaries

	<u>Company</u>	
	<u>2024</u>	<u>2023</u>
Kaya Energy Group SRL	69,140,665	69,140,665
-Movement during the year	<u>1,398,401</u>	<u>-</u>
	<u>\$70,539,066</u>	<u>69,140,665</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)

September 30, 202414. Deferred taxation

(a) Deferred tax liability is attributable to the following:

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
Property, plant and equipment	(9,516,720)	(4,164,027)
Right-of-use assets	(7,589,675)	(41,175,766)
Employee benefits	(8,302,750)	(3,466,500)
Lease liabilities	<u>8,354,186</u>	<u>45,118,412</u>
	<u>\$(17,054,959)</u>	<u>(3,687,881)</u>

(b) Movement in temporary differences during the year are as follows:

	<u>Group and Company</u>			
	<u>October 1, 2023</u>	<u>Recognised in equity</u>	<u>Recognised in income [note 21(a)]</u>	<u>September 30, 2024</u>
Property, plant and equipment	(4,164,027)	-	(5,352,693)	(9,516,720)
Right-of-use assets	(41,175,766)	-	33,586,091	(7,859,675)
Employee benefits	(3,466,500)	(4,426,500)	(409,750)	(8,302,750)
Lease liabilities	<u>45,118,412</u>	<u>-</u>	<u>(36,764,226)</u>	<u>8,354,186</u>
	<u>(3,687,881)</u>	<u>(4,426,500)</u>	<u>(8,940,578)</u>	<u>(17,054,959)</u>
	<u>October 1, 2022</u>	<u>Recognised in equity</u>	<u>Recognised in income [note 21(a)]</u>	<u>September 30, 2023</u>
Property, plant and equipment	409,316	-	(4,573,343)	(4,164,027)
Right-of-use assets	(33,224,436)	-	(7,951,330)	(41,175,766)
Employee benefits	(17,154,750)	14,824,250	(1,136,000)	(3,466,500)
Lease liabilities	<u>36,391,678</u>	<u>-</u>	<u>8,726,734</u>	<u>45,118,412</u>
	<u>\$(13,578,192)</u>	<u>14,824,250</u>	<u>(4,933,939)</u>	<u>(3,687,881)</u>

15. Share capital

	<u>Group and Company</u>	
	<u>2024</u>	<u>2023</u>
Authorised issued and fully paid:		
Balance at the start of the year	164,287,800	156,675,300
Shares issued during the year	<u>-</u>	<u>7,612,500</u>
1,303,750,000 ordinary shares of no par value	<u>\$164,287,800</u>	<u>164,287,800</u>

TROPICAL BATTERY COMPANY LIMITEDNotes to the Financial Statements (Continued)
September 30, 202416. Capital contribution

This represents capital injection by the ultimate parent Company.

17. Loans and borrowings(i) Long-term loans

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
(a) Related party loan	7,758,150	8,472,489	7,758,150	8,472,489
(b) Bonds	-	300,000,000	-	300,000,000
(c) Bank loan	100,000,000	140,000,000	100,000,000	140,000,000
(d) Stewart Finance Ja. Ltd	19,494,274	21,849,464	19,494,274	21,849,464
(e) Bond - April 2026	242,405,546	248,000,000	242,405,546	248,000,000
(f) Convertible cumulative redeemable preferred equity	2,025,894,868	-	2,025,894,868	-
(g) CIBC Loan	345,151,786	-	345,151,786	-
(h) Other long-term-loans	<u>29,358,321</u>	<u>27,660,301</u>	<u>-</u>	<u>-</u>
	2,770,062,945	745,982,254	2,740,704,624	718,321,953
Less: Current portion	<u>98,281,573</u>	<u>372,639,569</u>	<u>98,281,573</u>	<u>350,827,679</u>
Non-current	<u>\$2,671,781,372</u>	<u>373,342,685</u>	<u>2,642,423,051</u>	<u>367,494,274</u>

(ii) Short-term loans

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
(b) Bonds – April 2025	300,000,000	-	300,000,000	-
(i) CIBC US\$9.5m loan	1,448,164,562	-	1,448,164,562	-
(j) Line-of-credit	238,052,400	-	-	-
(k) Other short-term loans	<u>-</u>	<u>10,700,000</u>	<u>-</u>	<u>-</u>
	<u>\$1,986,216,962</u>	<u>10,700,000</u>	<u>1,748,164,562</u>	<u>-</u>
Total loans and borrowings	<u>\$4,756,279,907</u>	<u>756,682,254</u>	<u>4,488,869,186</u>	<u>718,821,953</u>

- (a) The Company has an unsecured loan from the ultimate parent Company. The loan attracts interest of 11% per annum and matures in October 2027.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

17. Loans and borrowings (continued)

- (b) In April 2019, the Company authorised the private placement of secured J\$ notes for an aggregate principal amount of \$300 million. These notes attracted interest at the rate of 7.5% per annum up to April 10, 2024. Effective April 11, 2024, certain terms within the Trust Deed were amended. The amendments primarily impacted the interest rate which was amended to 11.75% per annum and the maturity date of the bond which was amended to April 1, 2025. Hence, the bond was reclassified from long-term loans to short term borrowings.
- (c) This represents a loan facility obtained in June 2022 from First Caribbean International Bank Limited in the amount of \$200 million. The loan is secured by a promissory note, attracts interest of 6.75% per annum and matures in October 2027.
- (d) This represents a motor vehicle loan facility from Stewart Finance Jamaica Ltd. in the amount of \$23.7 million. The loan is secured by the motor vehicle and now attracts interest rate of 13% per annum, following its refinancing in September 2024. It was previously subject to an interest rate of 7.99% per annum and is set to mature in November 2030.
- (e) In February 2023, the Company authorised the private placement of secured J\$ notes for an aggregate principal amount of \$250 million. These notes attract interest at the rate of 11% per annum and they mature in April 2026.
- (f) On January 29, 2024 the Company issued US\$13m convertible cumulative redeemable preferred equity to Sygnus Credit Investments Limited. Interest is payable quarterly, at a rate of 10% per annum and matures in January 2027.

The terms of the equity conversion events are stated below:

As long as the Preferred Equity is outstanding:

- (1) The Purchasers will have the right to *convert all or part* of the Preferred Equity into Ordinary Shares including accrued dividends at valuation at a Liquidity/Conversion Event.

Conversion Event may take place at:

- a. Maturity
- b. Initial Public Offering
- c. At a liquidity event involving the sale of shares in the Issuer or the Targets.
- d. Change of Control or Ownership in the Issuer

- (2) The conversion of such shares will be capped such that the Purchaser will not own more than 30% of the Target at Conversion.

or

- (3) Conversion of all or part of the Preferred shares into ordinary shares in the capital of the Company at a price equivalent to a 10% discount in the Qualified Public Offering. In the event of an Additional Public Offering, the holders of the preference shares will convert their shares to ordinary shares of the Company, immediately prior to the offer and their shares will be sold as part of the offer.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

17. Loans and borrowings (continued)

- (g) The CIBC loan facility commenced in October 2023 for a tenure of 7 years. The loan was granted to facilitate off-lending to a related party[6 (b)(i)]. Interest is payable quarterly at a fixed rate of 8.5% per annum for 2 years. Thereafter, interest is charged at 3 month Weighted Average Treasury Bill Yield (WATBY) plus 2% with the interest rate reset based on the most recent 3-month Treasury Bill rate immediately prior to the date of reset. The facility will have a WATBY floor of 3% which itself is subject to review. The same terms are applied to the loan receivable as described in note [6 (b)(i)].
- (h) These are unsecured loans totaling \$8.75 million from Banco BHD at 8% interest maturing in November 2025, \$7.5 million from Promerica at 9% interest maturing in October 2024, \$3.4 million from Changan Vehicle Credit Engine at 15.95% interest maturing in April 2029 and loan from directors of \$9.5 million at 11% interest maturing in April 2027.
- (i) This represents a Senior Secured Bridge loan from First Caribbean International Bank (Jamaica) Limited of US\$9.5 million. The Bridge loan was issued in June 2024, replaced the US\$9 million loan from Sygnus Credit Investments Ltd. and is secured by second debenture over present and future property, assets and corporate guarantees. Interest is charged at a rate of 8.5% per annum. The loan is repayable by May 2025. The loan was used to facilitate off-lending to Tropical Battery USA LLC in the acquisition of Rose Electronics Distributing Company LLC. See notes [6(b)(iv) and 27(a)].
- (j) A subsidiary within the Group has an approved short-term revolving credit line of up to US\$1,500,000, of which US\$1,500,000 was drawn as at September 30, 2024. The facility attracted an annual interest rate of 8.58%.
- (k) This represented two unsecured short-term loan facilities from Popular Bank, located in Dominican Republic. The facility attracts interest at the rate of 14.95% and 12.61% respectively, per annum. These loans matured and were repaid during the year.
- (l) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Company's and the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's and Group's statements of cash flows as cash flows from financing activities.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

17. Long-term loans (continued)

(l) Reconciliation of liabilities arising from financing activities (continued):

	<u>The Group</u>			
	<u>Loans</u>		<u>Leases</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Balance at October 1	<u>756,682,254</u>	<u>492,051,258</u>	<u>180,473,648</u>	<u>145,566,710</u>
Proceeds from loans	4,182,484,670	288,770,544	-	-
Loan acquired from Subsidiary	-	21,410,036	-	-
Repayment of loans	(96,502,888)	(45,549,584)	-	-
Debit issuance costs	(86,384,129)	-	-	-
Repayment of lease liabilities	-	-	(78,267,185)	(20,509,982)
	<u>3,999,597,653</u>	<u>264,630,996</u>	<u>(78,267,185)</u>	<u>(20,509,982)</u>
Lease modification	-	-	(22,143,673)	55,416,920
Interest expense	-	-	13,396,665	12,398,162
Interest paid	-	-	(13,396,665)	(12,398,162)
	-	-	(22,143,673)	55,416,920
Balance at September 30 for long term loans	<u>\$4,756,279,907</u>	<u>756,682,254</u>	<u>80,062,790</u>	<u>180,473,648</u>

	<u>The Company</u>			
	<u>Loans</u>		<u>Leases</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Balance at October 1	<u>718,321,953</u>	<u>492,051,257</u>	<u>180,473,648</u>	<u>145,566,710</u>
Proceeds from loans	3,942,734,250	271,689,080	-	-
Repayment of loans	(85,802,888)	(45,418,384)	-	-
Debit issuance costs	(86,384,129)	-	-	-
Repayment of lease liabilities	-	-	(25,482,174)	(20,509,982)
	<u>3,770,547,233</u>	<u>226,270,696</u>	<u>(25,482,174)</u>	<u>(20,509,982)</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

17. Long-term loans (continued)

(l) Reconciliation of liabilities arising from financing activities (continued):

	The Company			
	Loans		Leases	
	2024	2023	2024	2023
<u>Balance</u>				
Lease modification	-	-	(121,574,734)	55,416,920
Interest expense	-	-	12,667,257	12,398,162
Interest paid	-	-	(12,667,257)	(12,398,162)
	-	-	(121,574,734)	55,416,920
Balance at September 30 for long term loans	<u>\$4,488,869,186</u>	<u>718,321,953</u>	<u>33,416,740</u>	<u>180,473,648</u>

18. Gross operating revenue

Gross operating revenue represents the invoiced value of sales after deduction of discounts and is measured net of consumption taxes. Revenue is recognised when goods are provided to the customers based on the terms specified in the contract. Invoices are generated and the revenue is recognised at that point in time.

	Group		Company	
	2024	2023	2024	2023
Net Battery Sales	4,824,372,974	2,257,209,698	2,548,921,033	2,257,209,698
Net Tyre Sales	5,649,392	24,736,990	5,649,392	24,736,990
Renewable Energy Solutions	354,208,765	81,686,986	-	-
Total Oil and Accessories	<u>477,676,326</u>	<u>459,150,353</u>	<u>449,183,464</u>	<u>459,150,353</u>
Net Sales before discounts	5,661,907,457	2,822,784,027	3,003,753,889	2,741,097,041
Discounts on All Products	(39,605,986)	(21,243,104)	(28,957,316)	(21,243,104)
Net Sales	<u>\$5,622,301,471</u>	<u>2,801,540,923</u>	<u>2,974,796,573</u>	<u>2,719,853,937</u>

19. Expenses by nature

	Group		Company	
	2024	2023	2024	2023
(a) Cost of operating revenue:				
Tyres	7,101,788	28,289,730	7,101,788	28,289,730
Batteries	2,967,119,887	1,377,702,997	1,571,997,931	1,377,702,997
Spent batteries	28,932,616	106,487,802	28,932,616	64,263,797
Oils	225,009,324	247,115,510	225,009,324	247,115,510
Accessories	273,515,808	94,532,797	257,022,946	94,532,797
Renewable energy	242,705,251	64,263,797	-	45,801,515
Inventory obsolescence	<u>13,767,751</u>	<u>6,919,518</u>	<u>13,767,751</u>	<u>6,919,518</u>
	<u>\$3,758,152,425</u>	<u>1,925,312,151</u>	<u>2,103,832,356</u>	<u>1,864,625,864</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

19. Expenses by nature (continued)

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
(b) Administration, marketing and selling expenses:				
Salaries, wages and related costs	797,768,501	364,048,446	369,773,735	354,969,739
Staff and canteen expenses	<u>22,111,549</u>	<u>10,003,543</u>	<u>22,111,549</u>	<u>10,003,543</u>
	<u>819,880,050</u>	<u>374,051,989</u>	<u>391,885,284</u>	<u>364,973,282</u>
Other administration, marketing and selling expenses:				
Accommodation	801,118	1,058,102	801,118	1,058,102
Advertising	38,107,753	11,263,305	14,613,782	11,263,305
Audit fees:				
- current	23,036,375	11,000,000	21,000,000	11,000,000
- prior years under accrual	17,410,711	-	17,410,711	-
Computer services	11,104,454	10,448,069	10,577,235	10,448,069
Director's remuneration	38,574,637	22,945,125	17,944,817	22,945,125
Electricity	20,175,615	12,056,560	15,166,411	12,056,560
Gas and oil	27,407,219	20,874,423	27,386,867	20,874,423
Insurance	44,111,080	8,323,564	8,453,053	8,323,564
Impairment loss on trade Receivables [note 25(a)]	4,323,270	-	4,296,671	-
Miscellaneous expenses	23,374,328	30,038,472	17,499,461	30,038,472
Motor vehicle expenses	19,056,091	4,821,651	19,056,091	4,821,651
Postage and telephone	21,986,861	16,920,751	18,248,321	16,920,751
Printing and stationery	7,578,442	7,625,432	7,578,442	7,625,432
Professional fees	35,947,875	25,518,831	22,047,792	25,518,831
Acquisition related costs [note 27(a)(ii)]	77,000,000	-	-	-
Rent, rates and taxes	17,287,342	9,871,247	9,220,500	9,871,247
Repairs and maintenance	16,494,326	21,287,817	6,810,631	21,287,817
Safety supplies	152,835	52,321	152,835	52,321
Sales promotion	3,613,610	3,490,704	3,613,610	3,490,704
Security	31,965,409	17,838,885	31,965,409	17,838,885
Subscription and donations	14,816,136	4,931,172	6,140,413	4,931,172
Travel and entertainment	<u>41,403,815</u>	<u>15,977,007</u>	<u>9,971,389</u>	<u>15,977,007</u>
	<u>535,729,302</u>	<u>256,343,438</u>	<u>289,955,559</u>	<u>256,343,438</u>
	<u>\$1,355,609,352</u>	<u>630,395,427</u>	<u>681,840,843</u>	<u>621,316,720</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)

September 30, 202419. Expenses by nature (continued)

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
(c) Other income:				
Gain on disposal of property, plant and equipment	2,360,575	4,371,233	2,360,575	4,371,233
Unrealised gain on investments	-	(2,337,106)	-	(2,337,106)
Fair value of contingent Consideration (note 27(a)(ii))	(1,820,146)	-	-	-
Other income	1,335,673	311,932	-	-
Reimbursable expenses with related party *	7,236,867	5,633,333	7,236,867	5,633,333
Miscellaneous	<u>1,720,466</u>	<u>4,661,422</u>	<u>1,720,466</u>	<u>4,661,421</u>
	<u>\$10,833,435</u>	<u>12,640,814</u>	<u>11,317,908</u>	<u>12,328,881</u>

* This relates to reimbursable expenses incurred on behalf of Diverze Properties Limited.

20. Net finance costs

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Finance costs:				
Loan interest	432,925,658	62,161,882	433,942,505	60,664,115
Lease interest [note 11(c)]	13,396,665	12,398,162	12,667,257	12,398,162
Bank charges	<u>29,500,692</u>	<u>17,538,837</u>	<u>16,888,755</u>	<u>17,207,641</u>
	<u>475,823,015</u>	<u>92,098,881</u>	<u>463,498,517</u>	<u>90,269,918</u>
Finance income:				
Interest income recognised using the effective interest rate method	(84,621,784)	(12,174,725)	(423,950,152)	(12,174,725)
Gain on foreign exchange	<u>(16,575,099)</u>	<u>(22,991,968)</u>	<u>(26,555,812)</u>	<u>(22,991,968)</u>
	<u>(101,196,883)</u>	<u>(35,166,693)</u>	<u>(450,505,964)</u>	<u>(35,166,693)</u>
	<u>\$374,626,132</u>	<u>56,932,188</u>	<u>12,992,553</u>	<u>55,103,225</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

21. Taxation

- (a) Depending on the jurisdiction and nature of business, income tax is computed at 25% for the Company, 0% for subsidiaries in United States of America and 27% for the Dominican subsidiary of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax:				
Income tax at 25%	39,031,242	38,418,844	39,031,242	38,418,844
Income tax at 27%	5,547,560	-	-	-
Less: Remission of income tax	(39,031,242)	(38,418,844)	(39,031,242)	(38,418,844)
	<u>5,547,560</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred taxation [note 14(b)]:				
Origination and reversal of other temporary differences	<u>8,940,578</u>	<u>4,933,939</u>	<u>8,940,578</u>	<u>4,933,939</u>
	<u>\$14,488,138</u>	<u>4,933,939</u>	<u>8,940,578</u>	<u>4,933,939</u>

- (b) Reconciliation of actual tax charge and effective tax rate:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit before taxation	<u>34,348,659</u>	<u>144,744,655</u>	<u>122,793,185</u>	<u>135,304,042</u>
Computed "expected" tax expense @ 25%	30,698,296	33,826,011	30,698,295	33,826,011
Computed "expected" tax expense @27%	19,703,422	2,367,653	-	-
Tax rate differential:				
Depreciation charge and capital allowances	4,964,048	8,857,060	12,041,979	11,224,713
Disallowable (income)/ expenses	(1,846,386)	(1,697,941)	<u>5,231,546</u>	(1,697,941)
Tax recognised in profit or loss	53,519,380	43,352,783	47,971,820	43,352,783
Less: Remission of income tax	(39,031,242)	(38,418,844)	(39,031,242)	(38,418,844)
	<u>\$14,488,138</u>	<u>4,933,939</u>	<u>8,940,578</u>	<u>4,933,939</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

21. Taxation (continued)

(c) Remission of income tax:

By notice dated August 13, 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMSE) if certain conditions were achieved after the date of initial admission.

Effective September 29, 2020, the Company's shares were listed on the JMSE. Consequently, the Company is entitled to a remission of income taxes for ten years in the proportion set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5: (October 1, 2021 – September 30, 2025) – 100%

Years 6 to 10: (October 1, 2025 – September 30, 2030) – 50%

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions because the conditions at law were met.

22. Basic and diluted earnings per ordinary stock unit

Basic and diluted earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year. There was no dilution in the current or prior year.

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
(Loss)/profit for the year attributable to the shareholders of the Company	\$(<u>13,179,236</u>)	<u>135,200,116</u>	<u>113,852,607</u>	<u>130,370,103</u>
Weighted average ordinary stock units held during the year	<u>\$1,303,750,000</u>	<u>1,300,750,000</u>	<u>1,303,750,000</u>	<u>1,300,750,000</u>
Earnings per stock unit	<u>(1.00¢)</u>	<u>10.4¢</u>	<u>8.7¢</u>	<u>10.0¢</u>

23. Dividends

No dividend was declared in the current year. In 2023 dividend of \$52,000,000 was declared and paid to the shareholders on record as at January 2, 2023, This represented a dividend payment of \$0.04 per ordinary share.

24. Guarantees

The Company has guaranteed a loan of \$125 million made to its joint venture entity EnRvate Limited. The amount drawn down as at September 30, 2024 was \$25 million and it will mature in March 2028. This guarantee did not result in any material impairment.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

25. Financial instruments

Overview:

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises principally from the Group's receivables from customers, related parties and cash and cash equivalents.

Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit. The Group generally does not require collateral in respect of financial assets, materially, trade receivables.

Maximum exposure to credit risk is represented by the carrying amount of financial assets on the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions with minimum risk of default. The Group considers that cash resources have low credit risk base on external credit ratings. No material impairment allowances were recognised in the prior year and there was no change during the period.

Related party balances

The Group assesses related parties' ability to pay if payment is demanded at the reporting date. Management reviews recovery scenarios considering given economic conditions and the borrowers' liquidity over the expected life of the recoverable. The expected credit losses are calculated on this basis. This is measured on the same basis as trade receivables.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

25. Financial instruments (continued)

(a) Credit risk (continued):

Accounts receivable

The Group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and the available press information about its customers) and applying experienced credit judgement.

The Group uses a provision matrix to measure ECLs on trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. In determining forward-looking estimates, the Group considers macro-economic factors such as:

	<u>2024</u>	<u>2023</u>
Gross domestic product	1.70%%	1.60%
Inflation	5.30%	5.60 %
Unemployment rate	4.2%	4.2%

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at September 30 (see also note 5).

	<u>Group</u>			
	<u>2024</u>			
	<u>Weighted</u>	<u>Gross</u>	<u>Expected</u>	<u>Credit</u>
	<u>average</u>	<u>carrying</u>	<u>credit loss</u>	<u>impaired</u>
	<u>loss rate</u>	<u>amount</u>		
	<u>%</u>	<u>\$</u>	<u>\$</u>	
0-30 days	0.78	497,644,213	3,894,387	No
31-60 days	0.39	110,701,377	427,352	No
61-90 days	95.75	457,093	437,675	No
91-120 days	3.57	40,482,090	1,446,732	No
121-150 days	4.67	538,687	25,142	No
151-180 days	20.23	9,605,723	1,943,306	No
181-210 days	23.34	14,947,596	3,489,384	No
211-240 days	5.82	916,027	53,317	No
241-270 days	0.14	1,719,375	2,408	No
271-300 days	37.70	114,470	43,153	No
301-330 days	47.89	165,156	79,091	No
More than 330 days	100.00	<u>16,426,933</u>	<u>16,426,933</u>	Yes
		<u>693,718,740</u>	<u>28,268,880</u>	

TROPICAL BATTERY COMPANY LIMITEDNotes to the Financial Statements (Continued)
September 30, 202425. Financial instruments (continued)

(a) Credit risk (continued):

Accounts receivable (continued)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at September 30 (see also note 5) (continued).

	Group			
	2023			
	Weighted average <u>loss rate</u> %	Gross carrying <u>amount</u> \$	Expected credit loss \$	Credit <u>impaired</u>
0-30 days	0.36	195,495,290	699,535	No
31-60 days	0.81	54,005,907	439,951	No
61-90 days	2.16	14,378,476	310,853	No
91-120 days	13.47	5,856,439	788,802	No
121-150 days	12.74	493,849	62,920	No
151-180 days	12.80	104,382	19,618	No
181-210 days	24.12	428,960	103,444	No
211-240 days	32.80	343,624	112,695	No
241-270 days	42.21	253,601	107,038	No
271-300 days	56.16	451,461	253,543	No
301-330 days	68.73	322,033	221,348	No
331-360 days	87.05	790,783	688,383	No
More than 360 days	100.00	<u>19,065,589</u>	<u>19,065,589</u>	Yes
		<u>291,990,394</u>	<u>22,873,719</u>	

	Company			
	2024			
	Weighted average <u>loss rate</u> %	Gross carrying <u>amount</u> \$	Expected credit loss \$	Credit <u>impaired</u>
0-30 days	2.58	108,437,175	2,795,897	No
31-60 days	0.59	72,864,841	427,352	No
61-90 days	1.45	30,111,816	437,675	No
91-120 days	4.00	36,136,681	1,446,732	No
121-150 days	7.69	326,835	25,142	No
151-180 days	22.41	8,670,089	1,943,306	No
181-210 days	24.88	14,023,647	3,489,384	No
211-240 days	19.96	267,146	53,317	No
241-270 days	26.76	9,000	2,408	No
271-300 days	37.70	114,471	43,153	No
301-330 days	47.89	165,156	79,091	No
331-360 days	-	-	-	No
More than 360 days	100.00	<u>16,426,933</u>	<u>16,426,933</u>	Yes
		<u>287,553,790</u>	<u>27,170,390</u>	

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)

September 30, 202425. Financial instruments (continued)

(a) Credit risk (continued):

Accounts receivable (continued)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at September 30 (see also note 5) (continued).

	Company			
	2023			
	Weighted average loss rate	Gross carrying amount	Expected credit loss	Credit impaired
	%	\$	\$	
0-30 days	0.40	175,972,602	699,535	No
31-60 days	0.81	54,005,907	439,951	No
61-90 days	2.16	14,378,476	310,853	No
91-120 days	13.47	5,856,439	788,802	No
121-150 days	18.79	493,849	62,920	No
151-180 days	12.74	104,382	19,618	No
181-210 days	24.12	428,960	103,444	No
211-240 days	32.80	343,624	112,695	No
241-270 days	42.21	253,601	107,038	No
271-300 days	56.16	451,461	253,543	No
301-330 days	68.73	322,033	221,348	No
331-360 days	87.05	790,782	688,382	No
More than 360 days	100.00	<u>19,065,590</u>	<u>19,065,590</u>	Yes
		<u>272,467,706</u>	<u>22,873,719</u>	

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group		Company	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	22,873,719	22,873,719	22,873,719	22,873,719
Arising on acquisition of Rose Batteries	1,071,891	-	-	-
Movement during the year	<u>4,323,270</u>	<u>-</u>	<u>4,296,671</u>	<u>-</u>
Balance at end of year	<u>\$28,268,880</u>	<u>22,873,719</u>	<u>27,170,390</u>	<u>22,873,719</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

25. Financial instruments (continued)

(b) Concentration risk:

(i) Trade receivables:

Trade receivables are primarily receivable from customers in Jamaica. The following table summarises the Company and the Group's credit exposure for trade receivables at their carrying amounts, as categorised by the concentration of customers:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Top ten customers	456,107,007	80,833,838	133,739,244	72,796,985
Other	<u>237,611,734</u>	<u>211,156,556</u>	<u>153,814,546</u>	<u>199,670,721</u>
	693,718,741	291,990,394	287,553,790	272,467,706
Less: Provision for credit losses	(<u>28,268,880</u>)	(<u>22,873,719</u>)	(<u>27,170,390</u>)	(<u>22,873,719</u>)
	<u>\$665,449,861</u>	<u>269,116,675</u>	<u>260,383,400</u>	<u>249,593,987</u>

(c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities, by maintaining lines of credit with its bankers and by monitoring expenditure commitments.

The Group's liquidity risk management process includes:

- (i) Maintaining flexibility in funding by keeping lines of funding available with relevant suppliers and bankers, sourcing the appropriate currency through open market purchase to match foreign currency liabilities and by pursuing prompt payment policies.
- (ii) Maintaining committed lines of credit.
- (iii) Monitoring the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.
- (iv) Raising funds from Additional Public Offering to be completed in March 2025. The amounts raised will be used to pay down current liabilities of \$1,000,000,000.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2024

25. Financial instruments (continued)

(c) Liquidity risk (continued):

Financial liabilities cash flows

The table below presents the undiscounted cash flows payable (both interest and principal cash flows) on the Group's and Company's financial liabilities based on contractual repayment obligations at the reporting date.

	Group 2024				Total \$	Carrying amount \$
	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Non-specific maturity* \$		
Accounts payable	1,396,814,137	-	-	-	1,396,814,137	1,396,814,137
Short-term loans	2,082,330,619	-	-	-	2,082,330,619	1,986,216,962
Due to fellow subsidiary	-	610,000,000	-	-	610,000,000	500,000,000
Long-term loans	653,061,659	3,367,697,778	75,432,189	17,258,150	4,113,449,776	2,770,062,945
Leases	<u>54,864,462</u>	<u>25,259,344</u>	<u>8,777,177</u>	<u>-</u>	<u>88,900,983</u>	<u>80,062,790</u>
	<u>4,187,070,877</u>	<u>4,002,957,122</u>	<u>84,209,366</u>	<u>17,258,150</u>	<u>8,291,495,515</u>	<u>6,733,156,834</u>
	Group 2023				Total \$	Carrying amount \$
	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Non-specific maturity* \$		
Accounts payable	443,199,042	-	-	-	443,199,042	443,199,042
Short-term loans	10,700,000	-	-	-	10,700,000	10,700,000
Long-term loans	399,093,766	410,156,463	23,514,417	25,007,436	855,772,082	745,982,254
Leases	<u>38,347,844</u>	<u>143,858,880</u>	<u>45,282,298</u>	<u>-</u>	<u>227,489,022</u>	<u>180,473,648</u>
	<u>891,340,652</u>	<u>554,015,343</u>	<u>68,796,715</u>	<u>25,007,436</u>	<u>1,537,160,146</u>	<u>1,380,354,944</u>
	Company 2024				Total \$	Carrying amount \$
	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Non-specific maturity \$		
Accounts payable	757,727,308	-	-	-	757,727,308	757,727,308
Short-term loan	1,844,278,219	-	-	-	1,844,278,219	1,748,164,562
Due to fellow subsidiary-	-	610,000,000	-	-	610,000,000	500,000,000
Long-term loans	616,361,594	3,367,697,778	75,432,189	7,758,150	4,072,844,165	2,740,704,624
Leases	<u>8,218,412</u>	<u>25,259,344</u>	<u>8,777,177</u>	<u>-</u>	<u>42,254,933</u>	<u>33,416,740</u>
	<u>3,226,585,533</u>	<u>4,002,957,122</u>	<u>84,209,366</u>	<u>7,758,150</u>	<u>7,321,510,171</u>	<u>5,780,013,234</u>
	Company 2023				Total \$	Carrying amount \$
	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Non-specific maturity \$		
Accounts payable	378,551,164	-	-	-	378,551,164	378,551,164
Long-term loans	392,865,884	403,191,627	19,467,917	8,472,489	823,997,917	718,321,953
Leases	<u>38,347,844</u>	<u>143,858,880</u>	<u>45,282,298</u>	<u>-</u>	<u>227,489,022</u>	<u>180,473,648</u>
	<u>809,764,892</u>	<u>547,050,507</u>	<u>64,750,215</u>	<u>8,472,489</u>	<u>1,430,038,103</u>	<u>1,277,346,765</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

25. Financial instruments (continued)

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the value of the Group's assets, the amount of its liabilities and/or the Group's income. Market risk arises from fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on certain of its financial assets. There is no significant exposure to equity price risk. Derivative financial instruments are not used to reduce exposure to market risk.

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and liabilities.

The Group materially contracts financial liabilities at interest rates for the duration of the exposure. The bank loans are subject to interest rates which may be varied with appropriate notice by the lender.

Interest-bearing financial assets are primarily represented by short-term bank deposits, which are contracted at fixed interest rates for the duration of the term.

At the reporting date the interest profile of the Company's interest-bearing financial instruments was:

	<u>Group</u>	
	<u>Carrying amount</u>	
	<u>2024</u>	<u>2023</u>
	\$	\$
Fixed rate:		
Liabilities	<u>4,682,862,029</u>	<u>720,974,818</u>
Variable rate:		
Assets	<u>40,470,318</u>	<u>47,455,281</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

25. Financial instruments (continued)

(d) Market risk (continued):

(i) Interest rate risk (continued):

	Company	
	Carrying amount	
	<u>2024</u>	<u>2023</u>
	\$	\$
Fixed rate:		
Liabilities	<u>4,415,451,308</u>	<u>709,849,465</u>
Variable rate:		
Assets	<u>40,470,318</u>	<u>39,514,113</u>
Liabilities	<u>-</u>	<u>-</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not hold any fixed rate financial assets that are subject to material changes in fair value. Therefore, a change in interest rates at the reporting date would not affect profit or equity.

Cash flow sensitivity analysis for variable rate instruments

A change in interest rates at the reporting date would have (decreased)/increased profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

	Group			
	<u>2024</u>		<u>2023</u>	
	Effect on profit		Effect on profit	
	25bp	100bp	50bp	25bp
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Cash flow sensitivity (net)	<u>\$177,494</u>	<u>709,972</u>	<u>3,367,598</u>	<u>1,683,799</u>

	Company			
	<u>2024</u>		<u>2023</u>	
	Effect on profit		Effect on profit	
	25bp	100bp	50bp	25bp
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Cash flow sensitivity (net)	<u>\$177,494</u>	<u>709,972</u>	<u>3,351,677</u>	<u>1,675,838</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

25. Financial instruments (continued)

(d) Market risk (continued):

(ii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Jamaican dollar. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in that currency. The main foreign currency risks of the Group are denominated in United States dollars (US\$), which is the principal intervening currency for the Group.

The Group manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

The following significant exchange rates have been applied:

	<u>2024</u>	<u>2023</u>
USD 1	\$155.39	\$154.20
Dominican Peso 1	\$ <u>2.61</u>	\$ <u>2.72</u>

The table below shows the Group's and Company's main foreign currency exposure at the reporting date:

	Net foreign currency monetary assets/(liabilities)					
	Group				Company	
	2024		2023		2024	2023
	US\$	Peso	US\$	Peso	US\$	US\$
Cash and cash equivalents	1,965,821	11,638,585	90,083	-	19,516	90,083
Accounts receivable	2,049,333	32,374,115	-	-	-	-
Other receivable	766,008	26,273,304	-	-	-	-
Accounts payable	(7,000,284)	(33,228,564)	(1,712,381)	-	(3,054,323)	(1,712,381)
Short-term loans	(10,781,685)	-	-	-	(9,264,723)	-
Long-term loans	(12,942,993)	(12,189,984)	-	-	(12,909,782)	-
Net exposure	<u>(25,943,800)</u>	<u>24,867,456</u>	<u>(1,622,298)</u>	<u>-</u>	<u>(25,209,312)</u>	<u>(1,622,298)</u>

Foreign currency sensitivity analysis:

A 1% (2023: 1%) weakening of the United States dollar (US\$) against the Jamaica dollar (J\$) at the year-end would have increased profit by \$40,943,039 for the Group and \$38,783,913 for the Company (2023: J\$5,306,009). This analysis assumes that all other variables in particular interest rates, remained constant.

A 4% (2023: 4%) strengthening of the United States dollar (US\$) against the Jamaica dollar (J\$) at the year-end would have decreased profit by \$163,772,157 for the Group and \$159,135,652 for the Company (2023: J\$7,206,484). This analysis assumes that all other variables in particular interest rates, remained constant.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2024

25. Financial instruments (continued)

(e) Fair value:

The fair values of cash and cash equivalents, accounts receivable, related party receivables, related party payables, short-term loans and accounts payable with exception of contingent consideration are assumed to approximate to their carrying value due to their short-term nature. These are included in level 2 fair value hierarchy. The carrying value of the long-term loans is assumed to approximate fair value as the loans bear interest at market rates.

The following table below shows the valuation techniques used in measuring level 3 fair value as at September 30, 2024

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	<ul style="list-style-type: none"> Expected cash flows of \$375,000 per quarter. Risk-adjusted discount rate (January 30, 2024 13.92%, September 30, 2024 14.31%. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> the expected cash flows were higher/(lower); or the risk-adjusted discount rate were lower/(higher).

(f) Capital management:

The Board of Directors monitors the return on capital, which is defined as total shareholders' equity. The board's policy is to maintain adequate capital to sustain future development of the business. There are no externally imposed capital requirements for the Group and there were no changes to capital management during the year.

26. Segment reporting

The Board of Directors has determined the Group's operating segments based on the reports reviewed by them that are used to make strategic decisions. The Group is organised and managed in two main business segments based on its business activities. The segment arose upon the acquisition of Kaya Energy Group SRL and Rose Batteries. The primary business of the subsidiaries is the distribution of renewable energy batteries and provider of specialised batteries for medical devices and aerospace sectors. The revenue segment for energy storage segment includes the following revenue categories: net battery, net tyre and accessories. The renewable energy segment includes revenues for renewable energy solutions.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)

September 30, 202426. Segment reporting (continued)

	2024			
	Energy	Renewable	Elimination	Total
	storage	energy		
	\$	solutions	\$	\$
Revenues	5,264,511,664	357,789,807	-	5,622,301,471
Operating profit	422,999,720	85,539,974	-	508,539,694
Profit before taxation	(38,289,713)	75,354,989	(2,716,617)	34,348,659
Depreciation and amortisation	(108,471,795)	(1,926,543)	-	(110,398,338)
Interest income	428,652,292	332,600	(344,363,108)	84,621,784
Finance costs	(816,671,092)	(2,618,560)	343,466,637	(475,823,015)
Taxation	(8,940,578)	(5,547,560)	-	(14,488,138)
Impairment loss on trade receivables	4,323,270	-	-	4,323,270
Assets	11,965,715,301	209,758,058	(4,328,971,649)	7,846,501,710
Liabilities	(10,383,841,859)	(122,135,786)	3,755,765,852	(6,750,211,793)
Joint venture	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>

	2023			
	Energy	Renewable	Elimination	Total
	storage	energy		
	\$	solutions	\$	\$
Revenues	2,719,853,937	81,686,986	-	2,801,540,923
Operating profit	233,911,353	11,921,992	-	245,833,345
Profit before taxation	135,304,042	9,470,613	-	144,774,655
Depreciation and amortisation	55,832,968	934,348	-	56,767,316
Interest income	12,174,725	-	-	12,174,725
Finance costs	90,269,918	1,828,963	-	92,098,881
Taxation	4,933,939	-	-	4,933,939
Assets	2,330,354,873	129,168,764	(8,020,436)	2,451,503,201
Liabilities	1,281,034,646	103,008,179	-	1,384,042,825
Joint venture	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

26. Segment reporting (continued)

Geographic information:

The geographic information analyses the Groups revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

(i) Revenue:

	<u>2024</u>	<u>2023</u>
Jamaica	3,006,870,477	2,719,853,937
United States	2,261,222,229	-
Dominican Republic	<u>354,208,765</u>	<u>81,686,986</u>
	<u>\$5,622,301,471</u>	<u>2,801,540,923</u>

(ii) Non-current assets:

	<u>2024</u>	<u>2023</u>
Jamaica	1,372,842,619	463,984,790
United States	2,938,854,764	-
Dominican Republic	<u>7,461,182</u>	<u>7,102,505</u>
	<u>\$4,319,158,565</u>	<u>471,087,295</u>

27. Effect of purchase of business

(a) Acquisition of Rose Batteries:

Effective December 22, 2023, Tropical Battery (USA) LLC ("TBC USA"), a subsidiary of Tropical Battery Company Limited, entered into a member interest agreement to purchase 100% of the shares in Rose Electronics Distributing Company LLC, for a consideration of \$3.547 billion (US\$22.8 million). The closing date of the acquisition was January 30, 2024. The acquisition was partially financed by a convertible cumulative redeemable preferred equity facility [see note 17(f)] and US\$9m loan from Sygnus Credit Investments Ltd [see note 17(i)].

Included in the identifiable assets and liabilities acquired at the date of acquisition of Rose Batteries Distributing Company LLC are inputs (inventories and property, plant and equipment), production processes and an organized workforce. The Group determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

Rose Batteries specialises in custom battery packs for critical sectors such as aerospace, defence and medical devices. The acquisition of Rose Batteries enables the Group to expand its market presence and operational scale. The Group also expects to capitalise on the synergies with the other entities within the Group. This will lead to increased growth, profitability and cost efficiencies.

TROPICAL BATTERY COMPANY LIMITEDNotes to the Financial Statements (Continued)
September 30, 202427. Effect of purchase of business (continued)

(a) Acquisition of Rose Batteries (continued):

In the nine months to September 30, 2024, Rose Batteries contributed revenue of \$2.08 billion and profit of \$280 million to the Group's results. If the acquisition had occurred on October 1, 2023, management estimates that the consolidated revenue would have been \$4.25 billion and consolidated profit would have been \$472.6 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on October 1, 2023.

(i) Consideration transferred:

The following table summarises the acquisition date fair value of each major class of consideration transferred.

Cash	3,080,617,512
Contingent consideration (see note below)	<u>433,977,836</u>
Total consideration transferred	<u>\$3,514,595,348</u>

The Group has agreed to pay the selling shareholders additional consideration of \$472.07 million (USD \$3 million) if the acquiree's customer revenues are achieved as per the agreed targets over the next two years. Payments of USD \$375,000 to be paid each quarter if agreed targets are met. The fair value of contingent consideration is \$433.97 million at the acquisition date. It was estimated by applying discounted cash flow model and estimating the present value of the quarterly payments of \$375,000 using a risk adjusted discount rate of 13.92%. See below table for movement in contingent consideration during the year.

Contingent consideration	466,671,750
Fair value adjustment at acquisition	(<u>32,693,914</u>)
Fair value contingent consideration at acquisition	433,977,836
Payments during the year	(<u>99,002,724</u>)
Fair value of contingent consideration recognised in P&L [note 19(c)]	(<u>1,820,146</u>)
Contingent consideration at year end (note 8)	<u>\$333,154,966</u>

(ii) Acquisition related costs:

The Group has incurred acquisition related costs of \$77 million [note 19(b)] relating to external legal fees and due diligence costs. These have been included in "administration, marketing and selling expenses" in the statement of profit or loss and other comprehensive income.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

27. Effect of purchase of business (continued)

(a) Acquisition of Rose Batteries (continued):

(iii) Identifiable assets acquired and liabilities assumed and goodwill:

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	<u>January 30, 2024</u>
Property, plant and equipment	28,655,521
Intangible asset	52,063,758
Right-of-use assets (note 11(a))	77,552,444
Inventories	499,844,960
Accounts receivable	464,845,507
Cash	13,405,923
Lease liabilities	(81,182,062)
Accounts payable	(<u>371,752,875</u>)
Total identifiable net assets acquired	<u>683,433,176</u>
Total consideration transferred	3,514,595,348
Total identifiable net assets acquired	(<u>683,433,176</u>)
Goodwill [note 9(c)]	<u>\$2,831,162,172</u>

The fair value of the goodwill acquired has been provisional determined and no adjustment have been made for intangible assets and the associated deferred tax, if any.

The goodwill is attributed mainly to the skills and technical talent of the work force of Rose Batteries and products offered that will expand the Group's market presence.

Measurement of fair values:

Property, plant and equipment and intangible asset:

- Market comparison technique and cost technique

The valuation model considers market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

- Inventories:

The fair value is determine based on the estimated selling price in the ordinary course of business and reasonable profit margin based on effort required to sell the inventories.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2024

27. Effect of Purchase of Business (continued)

(a) Acquisition of Rose Batteries (continued):

(iii) Identifiable assets acquired and liabilities assumed and goodwill (continued):

- The trade receivables comprise of gross contractual amounts due of \$443.6 million, of which all was expected to be collectable at the date of acquisition.
- All liabilities were with external parties.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identified adjustments to the above amounts then accounting for the acquisition will be revised.

28. Non-controlling interest

The following table summarises the Group's material non-controlling interest (NCI) in Kaya Energy Group before any intraGroup eliminations:

(a) Statement of financial position:

	<u>2024</u>	<u>2023</u>
Total assets	202,346,118	129,168,764
Total liabilities	(117,103,198)	(101,997,858)
Net assets	<u>\$ 85,242,920</u>	<u>27,170,906</u>
Carrying amount of NCI	<u>\$ 41,769,031</u>	<u>13,313,744</u>
NCI percentage	49%	49%

(b) Statement of profit and loss and other comprehensive income:

Revenue	<u>354,208,765</u>	<u>81,686,986</u>
Profit	67,428,075	9,470,613
Other comprehensive income/(loss)	(9,356,061)	-
Total comprehensive income	<u>\$ 58,072,014</u>	<u>9,470,613</u>
Profit allocated to NCI	33,039,757	4,640,600
Other comprehensive loss allocated to NCI	(4,584,470)	-
Total comprehensive profit allocated to NCI	<u>\$ 28,455,287</u>	<u>4,640,600</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)

September 30, 202428. Non-controlling interest (continued)

	<u>2024</u>	<u>2023</u>
(c) Statement of cash flows:		
Cash flows provided/(used) in operating activities	39,853,185	(6,424,266)
Cash flows used in investment activities	(11,368,462)	(1,905,584)
Cash flows (used in)/provided by financing activities	(6,930,716)	<u>6,083,463</u>
Net increase/(decreased) in cash and cash equivalents	<u>\$21,554,007</u>	<u>(2,246,387)</u>

Appendix 2 – Application Procedures & Conditions

Applications may be made online by either using NCB Capital Markets GOIPO or Sagicor Investments eInvest online platforms using the instructions provided below.

GOIPO APPLICATION GUIDE

GoIPO Portal Application Guide

1. On your personal device visit <https://goipo.jncb.com>. (If you do not have access to a computer or smart device with online access, our offices are equipped with tablets and representatives to assist you)
2. Select “Apply for an IPO”
3. Select “Tropical Battery APO”
4. Select “View Details”
5. Select “Apply Now” beside the relevant pool in which you intend to apply. Only reserved applicants will be allowed to apply from the reserved pool; however, the general pool is open for all applicants.
6. Select your investor category;
 - a. NCB Online/GoIPO Login (*applicable to clients with online access to their NCB bank account or clients who have created a user account on GoIPO*) or
 - b. All Other Investors (*applicable to applicants without NCB online access including applicants without an NCB Capital Markets Account*)

For NCB Online - this option is available to clients with current online access to their NCB bank account who wish to pay from their NCB or NCBCM account

Select “NCB Online/GoIPO Login” option

Enter your NCB online username and password

Step 1

Enter the amount of money you wish to spend. Note that the system will not facilitate currency conversion.

Select your “JCSD number” then click, “save and continue”

- *If your JCSD number is not seen, then select “Add JCSD Number”*
- *Each joint holder on the account, will be required to confirm via email or by uploading the signed signature document. This signature document can be downloaded then added to your application before submission. A signature is not required where the joint holder is a minor (under 18 years old)*

Step 2

- Select your NCBJ or NCBCM funding account from the list seen then “save and continue”. Note that your displayed bank and broker accounts will be in the currency of the selected IPO.

Step 3

Select your “refund account and dividend mandate accounts” from the lists seen then, “save and continue”. Note that your displayed bank and broker accounts will be in the currency of the selected IPO.

Step 4

Review your application details and select “**Submit**”

Tips:

If your funds are with another institution, then you may transfer the funds to your NCBJ or NCBCM account before starting the process or use the “All Other Investors Option”

Navigate to your dashboard to view your application and all previously completed applications.

Once you have successfully submitted your application, please check your email for notifications on order submission status. We recommend that you add goipo@jncb.com to ensure that you receive all notifications on your application

For users with GoIPO User Account - this option is available to clients who have created and activated their GoIPO profile

Please note you are required to submit your IPO application then fund via desired financial institution

Select the “login option”

Read and accept the site’s terms and conditions in order to proceed

Step 1

Enter the amount of money you wish to spend. Note that the system will not facilitate currency conversion

Select your “JCSD number” then click, “save and continue”

- *If your JCSD number is not seen, then select “Add JCSD Number”*
- *Each joint holder on the account, will be required to confirm via email or by uploading the signed signature document. This signature document can be downloaded then added to your application before submission. A signature is not required where the joint holder is a minor (under 18 years old) If there is a joint holder to the account, then click ‘yes’ and complete the Joint Holder information then click, “continue”*

If there is no joint holder to the account, then click “no”

Step 2

Selecting the appropriate funding method and complete the required fields (see below) and continue

For Existing NCBCM Account

- *This is only for NCBCM investors providing instructions to NCBCM to make payment from cleared funds in the currency of the IPO on their NCBCM broker account. The payment must be coming from the applicants NCBCM broker account in which the shares are expected to be held.*

For Other

- *This applies to all investors who are making payments by electronic transfer or direct deposit to NCB Capital Markets Limited by Broker*

- *Investors may choose to have their Broker remit funds to NCBCM. You must provide your Broker with your **application reference number along with your JCSD**. Your Broker must state these details when remitting the funds to NCBCM*

JMD Payments to NCBCM must use the instructions below:

Bank: National Commercial Bank

BIC: JNCBJMKX

Branch: 1-7Knustford Blvd. /New Kingston

Beneficiary account #: 291-024-688

Beneficiary account name: NCB Capital Markets

Include Comments: TB APO – [Reference # & JCSD#]

Step 3

Select your ‘refund account and dividend mandate account’ from the lists seen, ‘save and continue’. Note that your displayed bank and broker accounts will be in the currency of the selected IPO

(If no mandates were previously added select the “Add Mandate”)

Step 4

Upload image of valid government issued photo identification. *This ID will only be captured once until expired*

Review your application details and select ‘Submit’

Tips:

- You are able to track your application with the reference number provided
- Your application will only be processed once payments indicated in Step 2 are received and confirmed by NCBCM
- Check your email for notifications updates on your order submission. We recommend that you add goipo@jncb.com to your contacts to ensure that you receive all update notifications on status of your application.

For All Other Investors - this option is available to clients without NCB online access and applicants who are not clients of NCBCM

Please note you are required to submit your IPO application then fund via desired financial institution

Select the “**All other investors**” option

Read and accept the site’s terms and conditions in order to proceed

Step 1

Enter the amount of money you wish to invest. Note that the system will not facilitate currency conversion.

Complete the primary holder information

If there is a joint holder to the account, then click ‘yes’ and complete the Joint Holder information then click, ‘continue’. **The joint holder will be required to complete and sign the Signature Document**

If there is no joint holder to the account, then click ‘no’

Step 2

- Select the appropriate funding method and complete the required fields (see below) and continue

For Existing NCBCM Account

- *This is only for NCBCM investors providing instructions to NCBCM to make payment from cleared funds in the currency of the IPO on their NCBCM broker account. The payment must be coming from the applicants NCBCM broker account in which the shares are expected to be held.*

For Other

- *This is for all investors who are making payments by electronic transfer or direct deposit to NCB Capital Markets Limited, Broker or other electronic methods to include direct deposits.*
- *Investors may choose to have their Broker remit funds to NCBCM. You must provide your Broker with your application reference number along with your JCSD. Your Broker must state these details when remitting the funds to NCBCM*

JMD Payments to NCBCM must use the instructions below:

Bank: National Commercial Bank

BIC: JNCBJMKX

Branch: 1-7Knustford Blvd. /New Kingston

Beneficiary account #: 291-024-688

Beneficiary account name: NCB Capital Markets

Include Comments: TB APO – [Reference # & JCSD#]

Step 3

- Complete refund and dividend mandates and continue

Step 4

- Upload image of valid government issued photo identification & signed Signature Document *(The signature document may be signed on screen and then uploaded or printed, signed and uploaded. Where there is a joint holder on the account, they will be required to also sign the signature document. This is not applicable where the joint holder is a minor)*
- Submit your application.

Tips:

- You are able to track your application with the reference number provided
- Your application will only be processed once payments indicated in Step 2 are received and confirmed by NCBCM

- You should upload copies of a Government Issued ID and TRN or SSN for all applicants (where a Jamaican Drivers Licence is used then you will not need to provide TRN)
- *Check your email for notifications on order submission status. We recommend that you add goipo@jncb.com to ensure that you receive all notifications on your application*

GoIPO Signature Document for Non-NCB Online Users.

This document must be scanned and uploaded with your GoIPO application.



GOIPO

SIGNATURE CONFIRMATION FORM

JCSD No.:

ACCOUNT HOLDERS

Primary Account Holder/Director

Name:

Signature:

Joint Account Holder/Director

Name:

Signature:

Joint Account Holder/Director

Name:

Signature:

Joint Account Holder/Director

Name:

Signature:

Affix
Company
Seal/Stamp

HOW TO USE EINVEST

HOW TO SIGN UP FOR EINVEST

1. On your internet connected device, go to <https://einvest.sagicorjamaica.com>.
2. On the eInvest homepage, select "Sign Up" found at the top right of the screen.
3. Enter your personal details, check the box to agree to the Terms and Conditions and Privacy Policy, and select "Next" to continue.
4. Enter your email address and password. Select "Submit" to continue.
5. An email with the subject "Activate Your Sagicor Account" will be sent to the email address which you used to sign up on eInvest. Check your relevant email inbox for this email, open it and select "click here". You will then be redirected to the eInvest login screen.
6. Re-enter your email address and password to log in.
7. Once you have logged in, you will be redirected to the registration page.
8. Select your registration type – either "Individual" or "Business" – from the drop-down menu and then select "Next" to continue.
9. Complete the additional personal or business information.
10. Select the relevant identification type from the drop-down menu and upload an electronic copy of the selected identification.
11. If you wish to add a default JCSD account to your eInvest account, select "add a Default JCSD Account", select "Next" and enter your JCSD account details. Otherwise, you may skip this step.
12. Select "Next" to continue. You will then land on the review page displaying the information you entered at registration. At the bottom of the page the Terms and Conditions and Privacy Policy are shown.
13. Review all the Terms and Conditions and Privacy Policy. When you have completed your review and have scrolled to the end of the page, check the box to confirm that you have read and accepted the Terms and Conditions and Privacy Policy. Select "Submit" to complete registration.

HOW TO APPLY FOR AN OFFER ON EINVEST

Step 1: Primary Holders

1. On your internet connected device, visit <https://einvest.sagicorjamaica.com> and select the "Login" tab from the top right of the screen.
2. Enter your email address and password to log in.
3. From the dashboard, view the list of available open offers.
4. Review the information regarding the NEW offer by selecting "View More".
5. Select "Apply" and you will be directed to a page which indicates what you will need to complete your application.

Before you continue, be sure to have the following readily available:

- Your JCSD Account Number
- Your Payment Information
- Receipt/reference number for bank transfers OR cheque number for cheque payments
- Electronic copy of proof of payment for upload

6. Select "Next" to continue.
7. Select the applicable shareholder pool from the drop-down menu.
8. Enter the desired number of units OR dollar amount to spend.
9. Enter your JCSD Account Number and select your Broker from the drop-down menu
10. . If you have an Account Number with your Broker, you may also enter this. Select "Next" to continue. Optional

Step 2: Payment & Refunds

11. Select your funding method – "Fund from my Sagicor Bank account" **OR** "Fund using my Sagicor Investments Account" "Verify funds from a Bank Account"
12. If your selected funding option is from your Sagicor Bank account, please insert the details in the required fields.

13. If your selected funding option is from your Sagicor Investments account, please email your request to SIJL_IPO@SAGICOR.COM and upload screenshot of email instructions to transfer funds. An email indemnity must be on record if you choose this option.
14. If your selected funding option is from a bank account, enter your bank and payment details and then upload proof of payment. Methods of payment are as follows: electronic transfer (RTGS preferred) or Manager's Cheque payable to Sagicor Investments Jamaica Limited.

Kindly make JMD payments to Sagicor Investments using the instructions below:

Beneficiary Bank: Sagicor Bank Jamaica Limited

17 Dominica Drive, Kingston 5

BIC Code: SAJAJMKN

Beneficiary: Sagicor Investments Jamaica Limited

Account Number: 5503131813

Payment Reference: [Client Name] – [SHORT NAME OF OFFER]

Step 3: Refund and Dividend Details

15. If either of your dividend account details or your refund account details are the same as the details of your funding account, in Step 2 then select "Same as funding account" where applicable. Otherwise, enter banking details for your dividend and/or refund accounts as necessary. Select "Next" to continue.

Step 4a: Joint Holders (if applicable)

16. If there is a joint holder on the account, two options are available, digital option to insert email address for joint holder(s) **OR** manual option, download the joint holder signature card. Only one option can be selected.
17. For Digital option – After inserting email address for joint holder(s). Advise joint holder(s) of email notification to approve the application. All joint holders for the digital option **must register** and approve the application before it can be considered completed.
18. Select "Next" to continue.
19. For Manual option – After downloading the joint holder signature card, the joint holder signature card must be completed and signed by joint holder(s)
Note that all joint holders with the exception of minors are required to sign the signature card.
20. Upload signed signature card along with joint holders' identification
21. Select "Next" to continue.

Step 4b: For Businesses (if applicable)

22. Download the Signatories Approval Signature Card.
23. Select "Next" to continue.
24. Complete the Signatories Approval Signature Card.
Note: The company's stamp/seal must be affixed.
25. Select "Next" to continue.
26. Upload the signed signature card along with the approved signatories' selected identification type.
Note: all approved signatories who have signed the signature card are required to upload identification.

Step 5: Review

27. Review and verify that your application details are accurate. If you need to make any changes, select "Previous" to edit the application.
28. Once you have verified that your application details are accurate, select "Submit" to complete the application process.
29. An application confirmation email will be sent to the email address which you used to sign up for your eInvest account.

Appendix 3 – Auditor’s Consent



KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

May 5, 2025

The Board of Directors
Tropical Battery Company Limited
14 Ashenheim Road
Kingston 11

Ladies and Gentlemen:

Prospectus for the Additional Public Offer for sale of 954,545,455 ordinary shares in the capital of Tropical Battery Company Limited

With respect to the prospectus for the offer sale of ordinary shares in Tropical Battery Company Limited (“the Group”), we hereby consent to the inclusion in the prospectus of:

- Our audit report dated February 10, 2025, on the separate financial statements of Tropical Battery Company Limited (“the Company”) and the consolidated financial statements of the Company and its subsidiary (“the Group”), which comprises the Group’s and Company’s statement of financial position as at September 30, 2024, the Group’s and Company’s statements of profit or loss and other comprehensive income, changes in shareholders’ net equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information; and
- References to our name in the form and context in which it is included in the prospectus.
- We confirm that we have not withdrawn such consent before delivery of a copy of the prospectus to the Financial Services Commission for registration.



Page 2

May 5, 2025

The Board of Directors
Tropical Battery Company Limited

This letter should not be regarded as in any way updating the aforementioned reports or representing that we performed any procedures subsequent to the date of such reports.

Yours faithfully,
For and on behalf of KPMG

A handwritten signature in blue ink, appearing to read "Sandra Edwards", with a stylized flourish at the end.

Sandra Edwards
Partner

SAE:DC:mw-g