

FOR IMMEDIATE RELEASE

Tropical Battery Completes J\$950 Million Sale-Leaseback of Ferry Road Headquarters — Transaction Strengthens Liquidity, Retires Debt, and Advances the Company's Strategic Deleveraging Plan

KINGSTON, JAMAICA — Tropical Battery Company Limited (JSE: TROPICAL) today announces the successful completion of a sale-leaseback transaction involving its Ferry Road headquarters property. The transaction generated gross proceeds of J\$950 million. A portion of those proceeds has been applied to retire higher-cost debt obligations, reducing the Group's annualised interest burden. The balance has been deployed to strengthen working capital. The Company retains full operational occupancy of the property under a long-term lease arrangement, and there is no disruption to business operations.

Structure and Accounting Treatment

The transaction structure is a sale-leaseback: the Company sold a property it owned and now leases it back under a structured agreement. We continue to operate from the same location without interruption.

Under IFRS 16, this transaction results in the recognition of a right-of-use asset and a corresponding lease liability on the consolidated balance sheet. We are being explicit about this because we want shareholders to understand the accounting clearly: this is not a straightforward debt-elimination event. It is a restructuring of how the Group funds its occupancy — converting a debt-secured owned asset into a contractual lease — with the material effect of unlocking previously illiquid capital and deploying it at higher utility.

Full IFRS 16 disclosure, including the right-of-use asset recognised, the lease liability amortisation schedule, and the net impact on reported debt metrics, will be provided in the Company's next interim financial statements.

Use of Proceeds

Of the J\$950 million in gross proceeds:

- A material portion has been applied to retire higher-cost debt facilities, reducing the Company's interest expense on a go-forward basis.
- The balance has been allocated to working capital, supporting inventory investment and operational requirements across the Group's distribution network.
- Net working capital position and interest coverage ratios have improved as a direct result of the transaction.

"We owned a building. That building had real value — but it was not generating a return that justified the cost of the debt secured against it, and it was not liquid. We unlocked that value, paid down expensive obligations, and put the capital to work in the operating business. That is a straightforward capital allocation decision, and it is the right one for our shareholders. We will continue to evaluate every asset on the same basis: is this the best use of capital, or is the capital better deployed elsewhere?"

— Alexander (Zander) Melville, CEO, Tropical Battery Company Limited

Strategic Context: The Deleveraging Programme

This transaction is one component of a broader, multi-year programme to reduce the Group's total debt load and interest expense. High interest costs — a direct consequence of the rapid expansion and acquisition activity that built the Group to its current scale — represent one of the most significant financial challenges we face. We have been explicit about this with investors, and we remain so.

The sale-leaseback is consistent with, and advances, this programme. Other concurrent workstreams include the Development Bank of Jamaica financing process for Tropical Renewable Energy, the Sygnus Capital extension completed in the prior period, and ongoing negotiations with institutional lenders. These are not isolated transactions — they are coordinated steps toward a balance sheet structure that is sustainable, efficient, and capable of supporting the Group's next phase of growth.

A Note on Honesty

A sale-leaseback is not cost-free. We now have a lease obligation, whereas previously we had a mortgage. The disciplines are different, but the cost of occupancy is real in both structures. What we have exchanged is illiquid balance-sheet ownership for deployable cash — and we believe the deployed capital will generate returns that exceed the cost of the lease.

We will report on that outcome transparently. Shareholders should expect to see the lease liability, the working capital improvement, and the debt reduction all reflected clearly in our next set of financial statements, with management commentary on the net effect.

What This Means Going Forward

Lower debt means lower interest expense. Lower interest expense means more of our operating profit flows to the bottom line. More bottom-line earnings mean a stronger foundation for reinvestment and, in time, dividends. The logic is simple, the execution is ongoing, and the Company is committed to seeing it through.

ABOUT TROPICAL BATTERY COMPANY LIMITED

Tropical Battery Company Limited (JSE: TROPICAL) is Jamaica's leading battery retailer, distributor, and renewable energy solutions company, with over 75 years of operation. Publicly listed since 2020 and a Main Market company on the Jamaica Stock Exchange since August 2025, Tropical Battery operates seven retail stores and a network of approximately 1,000 resellers across Jamaica. Through its subsidiaries — Tropical Renewable Energy (TRE), Tropical Mobility (TM), Rose Batteries (California), and Kaya Energy (Dominican Republic) — the Group serves retail, commercial, fleet, and government customers across the Caribbean and the United States, including through its Amazon storefront. Tropical Battery is a member of the Forward Power Partners family of energy companies.

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