

Atlantic Hardware & Plumbing Company Limited

**Financial Statements
31 December 2025**

Atlantic Hardware & Plumbing Company Limited

Index

31 December 2025

	Page
Independent Auditors' Report to the Members	1-5
Financial Statements	
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 37

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Atlantic Hardware & Plumbing Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atlantic Hardware & Plumbing Company Limited (“the Company”), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

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 Company in accordance with the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were 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 these matters.

Key Area	Significant Risks	How our audit addressed the key audit matter
Management override of controls	<p>Management is in a unique position to perpetrate fraud because of its ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding established controls that otherwise appear to be operating effectively. The risk of management override of controls is pervasive. Because of its unpredictable nature, this risk could result in a material misstatement.</p> <p>This significant risk also represents a fraud risk for the audit.</p>	<ul style="list-style-type: none"> Engaged in periodic fraud discussions with certain members of Senior Management and Those Charged with Governance. Considered the potential for bias in judgments and estimates, including performing retrospective analysis of significant accounting estimates. Evaluated whether the Company has entered into any significant unusual transactions and, if so, the nature, terms, and business purpose (or lack thereof) of those transactions and whether such transactions involved related parties.



INDEPENDENT AUDITORS' REPORT (continued)

To the Shareholders of Atlantic Hardware & Plumbing Company Limited

		<ul style="list-style-type: none">• Evaluated the Company's fraud risk assessment and consider indirect controls and internal controls over the closing and reporting process.• Performed design and implementation testing over controls relating to the review and approval of journal entries posted to the general ledger• Using our propriety software tool, we extracted and tested journal entries that exhibit characteristics of interest for possibility of management override of controls.• No evidence of management override of controls was identified as a result of our audit procedures.
Revenue	Revenue recognition is a deemed significant risk under International Standards on Auditing and as a public company there is a heightened risk of material misstatement given that wholesale/retail businesses typically have high revenues and relatively small margins, so even small misstatement in revenue could have a material impact on the financial statements.	<p>Our approach to testing revenue to mitigate the identified risks includes the following procedures:</p> <ul style="list-style-type: none">• Obtained the full revenue population recorded during the year from the general ledger.• For selected samples, inspected the sales invoice, delivery documentation, and subsequent bank receipt to support occurrence and cash receipt.• Reviewed the sales registers for December and January, and for selected samples, inspected the sales invoice and delivery documentation to assess whether revenue was recognized in the appropriate period.• Obtained the sales transaction listing for the year under review. From the listing obtained, a sequence test over the invoices performed to determine whether any invoice numbers were missing from the population, which could indicate potentially unrecorded revenue transactions.• Obtained the population of sales returns and sales discounts, and for selected samples:<ul style="list-style-type: none">a. inspected the sales invoice and subsequent credit note, including the



INDEPENDENT AUDITORS' REPORT (continued)

To the Shareholders of Atlantic Hardware & Plumbing Company Limited

		<p>rationale for issuance, in relation to sales returns; and</p> <p>b. inspected the sales invoice and re-performed the discount calculation to confirm the amount was recorded accurately in relation to sales discounts.</p> <ul style="list-style-type: none">• Performed cycle-based substantive procedures over revenue recorded during the year by reviewing all journal entries posted to revenue and the related accounts and developing an understanding of the nature and significance of the transaction types recorded as well as verifying whether the transactions identified reflected our understanding of the revenue cycle for the Company.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditors' report thereon which 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 do 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 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 and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

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



INDEPENDENT AUDITORS' REPORT (continued)

To the Shareholders of Atlantic Hardware & Plumbing Company Limited

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.

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 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 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 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.

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 to 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 auditor's 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



INDEPENDENT AUDITORS' REPORT (continued)

To the Shareholders of Atlantic Hardware & Plumbing Company Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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.

Other matter – predecessor auditors

The financial statements of the company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 30 April 2025.

The engagement director on the audit resulting in this independent auditors' report is Priscilla Spence- Wisdom.

A handwritten signature in black ink that reads "Deloitte & Touche". The signature is written in a cursive, flowing style.

3 July 2026

Atlantic Hardware & Plumbing Company Limited

Statement of Comprehensive Income

Year ended 31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2025 \$	2024 \$
Revenue		1,815,732,958	1,597,578,913
Cost of Sales		<u>(1,263,950,847)</u>	<u>(1,136,355,690)</u>
Gross Profit		551,782,111	461,223,223
Other Income		17,876,800	17,213,268
Selling, General and Administrative Expenses	5	<u>(340,172,057)</u>	<u>(213,697,783)</u>
Operating Profit		229,486,854	264,738,708
Gain on sale of fixed assets		27,801,957	5,310,000
Interest Income		<u>4,247,342</u>	<u>9,153,525</u>
Profit Before Interest, Taxation, Depreciation and Amortization		261,536,153	279,202,233
Depreciation and Amortization	9,10	(59,724,789)	(16,803,223)
Interest Expense	7	<u>(126,902,702)</u>	<u>(144,450,887)</u>
Profit Before Taxation		74,908,662	117,948,123
Taxation expense	8	<u>(6,034,318)</u>	<u>(27,446,424)</u>
Net Profit for the year, being total comprehensive income		<u>68,874,344</u>	<u>90,501,699</u>
Earnings per share attributable to stockholders	21	<u>\$ 0.03</u>	<u>\$ 0.05</u>

Atlantic Hardware & Plumbing Company Limited

Statement of Financial Position

31 December 2025

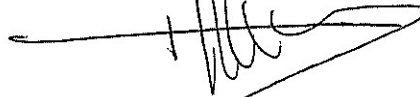
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2025 \$	Restated 2024 \$
ASSETS			
Non- Current Assets			
Property, Plant & Equipment	9	62,023,261	290,845,996
Right of Use Asset	10	177,553,044	208,437,565
		<u>239,576,305</u>	<u>499,283,561</u>
Current Assets			
Cash and Cash Equivalent	13	210,222,835	31,429,745
Trade Receivables	11	267,457,426	321,790,149
Other Receivables	12	18,123,628	25,651,030
Inventory	22	756,141,285	805,623,027
		<u>1,251,945,174</u>	<u>1,184,493,951</u>
Total Assets		<u><u>1,491,521,479</u></u>	<u><u>1,683,777,512</u></u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share Capital	18	251	200
Treasury Shares	18	(1,217,266,496)	(1,217,266,496)
Share Premium	20	460,271,749	-
Revaluation Reserve	19	-	215,000,000
Retained Earnings		<u>1,237,062,921</u>	<u>953,188,577</u>
		480,068,425	(49,077,719)
Non-Current Liabilities			
Long - Term Liabilities	17	-	907,500,000
Lease Liabilities	16	151,313,032	169,325,603
		<u>151,313,032</u>	<u>1,076,825,603</u>
Current Liabilities			
Trade and Other Payable	14	254,905,715	191,776,247
Taxation Payable		2,931,037	15,158,925
Current Portion of Long - Term Liabilities	17	561,208,667	410,000,000
Current Portion of Lease Liabilities	16	41,094,603	39,094,456
		<u>860,140,022</u>	<u>656,029,628</u>
		<u><u>1,491,521,479</u></u>	<u><u>1,683,777,512</u></u>

Approved for issue by the Board of Directors on 3 July 2026 and signed on its behalf by:



Alexander Marston



Chairman Deanall Barnes

Managing Director

Atlantic Hardware & Plumbing Company Limited

Statement of Changes in Equity

Year ended 31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital \$	Treasury Shares \$	Share Premium \$	Revaluation Reserve \$	Shareholder's Loan \$	Retained Earnings \$	Total \$
Balance at 31 December 2023	200	-	-	215,000,000	106,515,587	862,686,878	1,184,202,665
Loan Repayment	-	-	-	-	(106,515,587)	-	(106,515,587)
Net Profit for the year	-	-	-	-	-	90,501,699	90,501,699
Repurchase of shares	-	(1,217,266,496)	-	-	-	-	(1,217,266,496)
Balance at 31 December 2024	200	(1,217,266,496)	-	215,000,000	-	953,188,577	(49,077,719)
Issuance of shares	51	-	460,271,749	-	-	-	460,271,800
Transfer of revaluation surplus	-	-	-	(215,000,000)	-	215,000,000	-
Net Profit for the year	-	-	-	-	-	68,874,344	68,874,344
Balance at 31 December 2025	251	(1,217,266,496)	460,271,749	-	-	1,237,062,921	480,068,425

Atlantic Hardware & Plumbing Company Limited

Statement of Cash Flows

Year ended 31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2025 \$	Restated 2024 \$
CASH RESOURCES WERE PROVIDED BY:			
Operating Activities:			
Net Profit for the year		68,874,344	90,501,699
Adjustments for non-cash items:			
Adjustment for net assets on purchase of company		-	(545,513,108)
Gain on sale of fixed assets		(27,801,957)	(5,310,000)
Unrealised Exchange Gain		(1,265,016)	-
Depreciation - ROU Asset	10	46,318,186	7,187,502
Depreciation - PPE	9	13,406,603	9,615,721
Interest expense - Lease Liabilities	7	19,345,574	863,661
Interest expense – Long – Term Liabilities	7	107,557,128	143,587,226
Taxation		6,034,318	27,446,424
Interest Income		(4,247,342)	(9,153,525)
Expected Credit Loss		52,413,539	6,708,522
		<u>280,635,377</u>	<u>(274,065,878)</u>
Changes in Operating Assets and Liabilities:			
Trade Receivables		1,919,184	(119,989,183)
Other Receivables		7,527,402	209,715,355
Inventory		(13,245,492)	15,457,740
Trade and Other Payables		125,856,704	97,771,948
Taxation Paid		(18,262,206)	(54,394,495)
Net Cash Flows Provided by/(Used in) Operating Activities		<u>384,430,969</u>	<u>(125,504,513)</u>
Investing Activities:			
Purchase of Fixed Assets	9	(10,567,399)	(3,976,114)
Interest Received		4,247,342	9,153,525
Proceeds from Sale of Fixed Assets		253,785,488	68,332,038
Net Cash Flows Provided by Investing Activities		<u>247,465,431</u>	<u>73,509,449</u>
Financing Activities:			
Shareholders' Loan		-	(106,515,587)
Treasury Shares Repurchased		-	(1,217,266,496)
Loan Principal Repayment		(756,291,333)	(177,227,619)
Loan Interest Paid		(107,557,128)	(143,587,226)
Loan Proceeds		-	1,317,500,000
Net Proceeds from IPO	18	460,271,749	-
Net Lease Paid		(49,526,598)	(15,934,269)
Net Cash Flows Used in Financing Activities		<u>(453,103,310)</u>	<u>(343,031,197)</u>
Net Increase/(Decrease) in Cash and Cash Equivalent		178,793,090	(395,026,261)
Cash and Cash Equivalent at Beginning of Year		31,429,745	426,456,006
CASH AND CASH EQUIVALENT AT END OF YEAR		<u>210,222,835</u>	<u>31,429,745</u>

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activity and Operations

Atlantic Hardware & Plumbing Company Limited (the Company) is a company limited by shares, incorporated and domiciled in Jamaica. The registered office of the Company is at 103-107 Marcus Garvey Drive, Kingston 13, Jamaica. The Company's share is publicly listed on the Jamaica Stock Exchange Junior Market.

The Company is a subsidiary of Construct Group Limited, a company incorporated and domiciled in St Lucia. The Company's ultimate parent company and controlling party are Elkon Limited ("Elkon"), which is incorporated and domiciled in Jamaica, and Paul B. Scott, respectively.

The principal activities of the Company are the importation and distribution of hardware and plumbing supplies.

2. Material Accounting Policy Information

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates

Standards, interpretations and amendments to published standards effective in the current year

At the date of authorisation of these financial statements, certain new and amended standards and interpretations to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following are relevant to its operations.

- **Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates'**, - Lack of Exchangeability, (effective for accounting periods starting on or after 1 January 2025). This is relevant if an entity has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments listed above did not have any impact on the amounts recognized.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policy Information (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company

The Company has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after the year end dates noted and will be applied by the Company as of those dates unless otherwise indicated.

- **Amendments to IFRS 9 and IFRS 7- Classification and Measurement of Financial Instruments** (effective for annual periods beginning on or after 1 January 2026). These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The Company is currently assessing the impact of these amendments.
- **Annual improvements to IFRS – Volume 11** (effective for accounting periods starting on or after 1 January 2026). Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2025 amendments are to the following standards:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash Flows

The Company is currently assessing the impact of these amendments.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of the Company.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policy Information (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company (continued)

- **IFRS 18, 'Presentation and Disclosure in Financial Statements'** (effective for annual periods beginning on or after 1 January 2027 with earlier application permitted). This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures);
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
- **IFRS 19, 'Subsidiaries without Public Accountability: Disclosures,'** (effective for accounting periods beginning on or after 1 January 2027). This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policy Information (Continued)

(b) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican Dollars, which is the Company's functional and the Company's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the year-end date, monetary assets and liabilities denominated in foreign currencies are translated using the Bank of Jamaica weighted average closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

(c) Property, plant and equipment

Land and buildings are initially recorded at cost and are subsequently shown at market value based on triennial valuations by external independent valuers, less subsequent depreciation of buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount. Increases or decreases in carrying amounts arising on revaluation are credited to equity and shown in revaluation reserve in shareholders' equity.

All other items of property, plant and equipment continue to be carried at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis at annual rates to write-off the cost of the assets to their residual values over their estimated useful lives as follows:

Building	2.5%
Building Improvement	2.5%
Motor Vehicle	20%
Machinery	10%
Furniture, Fixtures & Equipment	10-20%

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit before taxation.

Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset, will flow to the Company.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policy Information (Continued)

(d) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

(i) *Classification*

The Company classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value and those to be measured at amortised cost. The classification depends on the business model used for managing the financial assets and, in respect of debt instruments, the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(ii) *Recognition and Measurement*

Debt instruments held for the collection of contractual cash flows, where those represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method. Any gains or losses arising on derecognition are recognised directly in the statement of comprehensive income. Impairment losses are presented as a separate line in the statement of comprehensive income.

(iii) *Impairment*

Application of the Simplified Approach to trade receivables

For trade receivables other than those deemed specifically impaired, the Company applies the simplified approach which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables. The lifetime ECLs are determined by taking into consideration historical rates of default for each category of aged receivables as well as the estimated impact of forward looking information.

Financial liabilities

The Company's financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. These liabilities include payables, bank overdraft, short term loan, due to related parties and long-term borrowings.

(e) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year. The Company's liability for current tax is calculated at tax rates that have been enacted at year end date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policy Information (Continued)

(e) Income taxes (continued)

Deferred income tax is provided on temporary differences, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

Deferred tax is charged or credited in profit and loss, except where it relates to items charged or credited to other comprehensive income, in which case, deferred tax is also dealt with in other comprehensive income.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

(g) Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank net of bank overdrafts and term deposits if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest or any other form of penalties.

(i) Trade and other payables

Payables are recognised at cost.

(j) Related party balances and transactions

Parties are related if directly or indirectly, through one or more intermediaries, one party controls, is controlled by, or is under common control of another entity, exercises significant influence over the other party in making financial and operating decisions or has joint control. Related party transactions and balances are recognised and disclosed for the following:

- (i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the entity that gives them significant influence over the entity's affairs and close members of the family of these individuals.
- (ii) Key management personnel, that is, persons having authority and responsibility for planning, directing and controlling the activities of the entity, including directors and officers and close members of the families of these individuals.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policy Information (Continued)

(k) Share capital

Ordinary shares are classified as equity instruments. Where shares are sold above the par value the difference between the par value and the selling price is shown in equity as share premium. Incremental costs directly attributable to the issue of new ordinary shares, are shown in share premium as a deduction, net of tax, from the proceeds.

Where any company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

(l) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: - fixed payments (including in-substance fixed payments), less any lease incentives receivable - payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(m) Long-Term Liabilities

Long-term liabilities are recognised initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, Long-term liabilities are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the Long-term liabilities using the effective yield method.

(n) Dividend distributions

Dividend declared is deducted from shareholders equity in the period in which it is declared. Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(o) Revenue

Revenue comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities: Revenue is shown net of applicable value added taxes, returns, discounts and allowances. Revenues are recognised as follows:

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material Accounting Policy Information (Continued)

(o) Revenue (continued)

Sale of goods

Sale of goods is recognised when control of the goods has been established – being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been transported to a specific predetermined location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered, at which point in time the consideration is deemed unconditional and only the passage of time is required before the payment is due.

Interest income

Interest income is recorded on the accrual basis. Where collection of interest income is considered doubtful, it is taken into account on a cash basis.

(p) Earnings per Shares Attributable to Shareholders

Earnings per stock unit is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue.

(q) Post Employment Benefit

The Company participates in the defined contribution pension plan of a related company, T. Geddes Grant (Distributors) Limited, and is referred to as the Musson Group Pension Fund. A defined contribution pension plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions paid by the Company are recorded as an expense in profit or loss.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework.

The carrying values of the Company's financial instruments are as follows:

	2025	Restated 2024
	\$	\$
Financial Assets		
Trade and Other Receivables	285,581,054	347,441,179
Cash and Cash Equivalent	210,222,835	31,429,745
	<u>495,803,889</u>	<u>378,870,924</u>
Financial Liabilities		
Trade and Other Payables	254,905,715	191,776,247
Lease Liabilities	192,407,635	208,420,059
Long - Term Liabilities	561,208,667	1,317,500,000
	<u>1,008,522,017</u>	<u>1,717,696,306</u>

The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate. The Board manages and monitors these risks, as follows:

(a) Financial risk

(i) Credit risk

The Company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Company by failing to discharge their contractual obligations. Credit risk is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Company's receivables from customers and loans receivable. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Credit review process

The Company has established a credit quality review process and has credit policies and procedures which require regular analysis of the ability of customers, financial institutions and other counterparties to meet trade, interest, capital and other repayment obligations.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Financial risk (continued)

(i) Credit risk (continued)

Credit review process (continued)

(i) Accounts receivable

As of 31 December 2025, trade receivables of \$73,835,274 (2024 - \$21,761,131) were impaired and were fully provided for.

The movement in expected credit losses allowance have been included in administration expenses on the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Company offering them a credit facility. Credit limits are assigned to each customer and these limits are reviewed on an ongoing basis. The Company has procedures in place to restrict customer orders if the order will result in customers exceeding their credit limits. Customers who fail to meet the Company's benchmark creditworthiness may transact with the Company on a prepayment basis.

To measure expected credit losses, trade receivables are grouped by customer sector (based on shared risk characteristics) as well as by aging buckets. Lifetime expected credit losses are determined by taking into consideration historical rates of default for the totals of each customer segment of aged receivables as well as the estimated impact of forward-looking information. In determining historical rates of default, trade receivables greater than 120 days past due are used as a proxy for historical losses.

(ii) Cash and Cash Equivalents

The Company limits its exposure to credit risk by investing mainly with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(iii) Due from affiliates and parent Company

The Company has no significant credit risk arising from balances due from its parent Company and affiliates.

Impairment of financial assets

The Company's trade receivables for sale of goods are subject to the expected credit loss model.

Cash and cash equivalents and related party receivables are also subject to the impairment requirements of IFRS 9. The identified impairment loss was immaterial.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Financial risk (continued)

(i) Credit risk (continued)

Impairment of financial assets (continued)

Maximum exposure to credit risk

The Company's maximum exposure to credit risk at the year-end was as follows:

	2025	2024
	\$	\$
Trade and Other Receivables	285,581,054	347,441,179
Cash and Cash Equivalent	210,222,835	31,429,745
	<u>495,803,889</u>	<u>378,870,924</u>

The above table represents a worst-case scenario of credit risk exposure to the Company at 31 December.

Trade receivables

The Company's average credit period on the sales of goods is 30 days. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the Company first considers whether any individual customer accounts require specific provisions. Other balances are evaluated for specific provision based on other qualitative factors and provided for based on expected credit losses. All other non-specific trade receivables are then grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months ending 31 December 2025 and the corresponding historical credit losses experienced within this period. In calculating the loss rates, management uses trade receivables aged greater than 151 days as a proxy for actual losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic and other factors affecting the ability of the customers to settle the receivables.

The Company has identified the GDP, the unemployment rate, inflation rate and interest rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows for trade receivables:

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Financial risk (continued)

(i) Credit risk (continued)

Impairment of financial assets (continued)

The movement in the provision for credit losses of trade receivables is as follows:

	2025	2024
	\$	\$
At start of year	21,761,131	15,052,609
Provided during the year	52,074,143	6,708,522
At end of year	<u>73,835,274</u>	<u>21,761,131</u>

The creation and release of provision for credit losses have been included in administration expenses on the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The majority of the Company's trade receivables are receivable from customers in Jamaica.

(ii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Company's liquidity management process, as carried out within the Company and monitored by the Board of Directors, primarily includes:

- (i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining committed lines of credit;
- (iv) Optimising cash returns on investments; and
- (v) Managing the concentration and profile of debt maturities.

Undiscounted cash flows of financial liabilities

The tables below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Financial risk (continued)

(ii) Liquidity risk (continued)

	Within 12 Months	1 to 5 Years	Total
	\$	\$	\$
As at 31 December 2025:			
Liabilities			
Trade and Other Payables	254,905,715	-	254,905,715
Lease liabilities	54,075,583	169,860,950	223,936,533
Long - Term Liabilities	748,812,867	-	748,812,867
Total financial liabilities (contractual maturity dates)	1,057,794,165	169,860,950	1227,655,115
As at 31 December 2024:			
Liabilities			
Trade and Other Payable	191,776,247	-	191,776,247
Lease liabilities	50,258,483	223,936,533	274,195,016
Long - Term Liabilities	410,000,000	907,500,000	1,317,500,000
Total financial liabilities (contractual maturity dates)	652,034,730	1,131,436,533	1,783,471,263

Assets available to meet all of the liabilities and to cover financial liabilities in the normal course of business include cash and bank, accounts receivable and inventory.

(iii) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Company's management team, which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Financial risk (continued)

(iii) Market risk (continued)

Concentrations of currency risk

The Company has cash and cash equivalents and due from related parties net of accounts payable, due to related parties and borrowings denominated in United States dollars, amounting to a net liability of J\$321,332,160 (2024 - J\$249,656,664)

Foreign currency sensitivity

The following tables indicate the currencies to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for 1.5% devaluation and a 1% revaluation of the Jamaican dollar (2024 - 4% devaluation and a 1% revaluation).

	2025		2024	
	% Change in Currency Rate	Effect on Net Profit	% Change in Currency Rate	Effect on Net Profit
		\$		\$
Currency:				
USD – Devaluation	1.5%	(4,819,982)	4%	(9,986,267)
USD – Revaluation	1%	3,213,322	1%	2,496,567

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk

The following tables summarise the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of the contractual repricing or maturity dates.

	Within 12 Months	1-5 years	Non-Interest bearing	Total
	\$	\$	\$	\$
At 31 December 2025:				
Financial Assets				
Trade and Other Receivables	-	-	285,581,054	285,581,054
Cash and Cash Equivalent	210,222,835	-	-	210,222,835
Total Financial Assets	210,222,835	-	285,581,054	495,803,889
Financial Liabilities				
Trade and Other Payables	-	-	254,905,715	254,905,715
Lease Liabilities	41,094,603	151,313,032	-	192,407,635
Long - Term Liabilities	561,208,667	-	-	561,208,667
Total Financial Liabilities	602,303,270	151,313,032	254,905,715	1,008,522,017
Net financial position	(392,080,435)	(151,313,032)	30,675,339	

	Within 12 Months	1-5 years	Non-Interest bearing	Restated Total
	\$	\$	\$	\$
At 31 December 2024:				
Financial Assets				
Trade and Other Receivables	-	-	347,441,179	347,441,179
Cash and Cash Equivalent	31,429,745	-	-	31,429,745
Total Financial Assets	31,429,745	-	347,441,179	378,870,924
Financial Liabilities				
Trade and Other Payables	-	-	191,776,247	191,776,247
Lease Liabilities	-	-	208,420,059	208,420,059
Long - Term Liabilities	410,000,000	907,500,000	-	1,317,500,000
Total Financial Liabilities	410,000,000	907,500,000	400,196,306	1,717,696,306
Net financial position	(378,570,255)	(907,500,000)	(52,755,127)	

The Company's interest rate exposure arises from long-term receivables and borrowings. Borrowings and long-term receivables issued at fixed rates expose the Company to fair value interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated for long term receivables and borrowings that represent the major interest-bearing positions, taking into consideration refinancing, renewal of existing positions and alternative financing.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the statement of comprehensive income. As the Company's interest rate risk arises primarily from deposits and borrowings, the sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on floating rate deposits, long term receivables, borrowings and revolving short-term borrowings.

Change in Basis points	Effect on Profit before Taxation	Change in Basis points	Effect on Profit before Taxation
2025	2025	2024	2024
JMD/USD	\$	JMD/USD	\$
+25/+25	(881,790)	+25/+25	(3,215,176)
-25/-25	881,790	-25/-25	3,215,176

(b) Capital management

The Company has no specific capital management strategy and is exposed to externally imposed capital requirements through debt covenants as outlined in the loan agreements with a number of financial institutions. The Company has complied with all its financial covenants except for the debt service coverage ratio relating to the Jamaica Money Market Brokers Limited and the Quantas Advantage Incorporation facilities. These facilities were disclosed as current portion of long-term liabilities as a result of the breach.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgments and Key Source of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has not made any judgements that would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for credit losses of trade receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3(a).

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

5. Expenses by Nature

	2025	2024
	\$	\$
Staff Costs (note 6)	118,598,780	71,905,970
Commission	29,911,263	32,595,317
Staff Welfare & Training	7,797,874	2,041,127
Audit & Accounting	17,352,217	3,353,709
Motor Vehicle Expense	21,943,932	20,367,814
Bank Charges	5,378,525	4,796,927
Advertising	702,650	1,207,895
Consulting fee	2,987,085	-
Insurance	27,374,342	31,227,881
Directors' Fee	-	1,896,000
Penalty	-	242,600
Office expense	18,708,645	4,105,620
Professional Fees	14,815,661	6,302,037
Donation	830,000	1,261,308
Repairs and Maintenance	10,820,980	19,366,136
Telephone	860,694	583,145
Utilities	5,489,931	3,517,715
Travelling	4,185,940	2,218,060
Bad Debt Write Off	339,395	-
Expected Credit Loss	52,074,143	6,708,522
	<u>340,172,057</u>	<u>213,697,783</u>

6. Staff Costs

	2025	2024
	\$	\$
Wages and salaries	95,508,881	68,504,000
Statutory deductions	20,599,421	3,401,970
Casual Labour	2,490,478	-
	<u>118,598,780</u>	<u>71,905,970</u>

7. Interest Expense

	2025	2024
	\$	\$
Interest Expense - Lease	19,345,574	863,661
Interest Expense - Loan	107,557,128	143,587,226
	<u>126,902,702</u>	<u>144,450,887</u>

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

8. Taxation Expense

Taxation is based on the profit for the year adjusted for taxation purposes and comprises:

	2025	2024
	\$	\$
Current tax	6,034,318	27,446,424

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2025	2024
	\$	\$
Profit before tax	74,908,662	117,948,123
Tax calculated at 25%	18,727,166	29,487,031
Deferred tax not recognised	14,030,658	(4,271,212)
Employee tax credit	-	(3,490,967)
Expenses not deductible for tax purposes	207,500	315,500
Tax exemption	(20,297,836)	-
Tax adjustment in respect of prior year	-	5,529,490
Net effect of other charges and other allowances	(6,633,170)	(123,418)
	6,034,318	27,446,424

The Company has assessed the temporary differences arising between the carrying amounts of assets and liabilities and their respective tax bases in accordance with IAS 12, Income Taxes. Management has determined that substantially all identified temporary differences are expected to reverse during periods in which the Company will continue to benefit from its income tax exemption as a listed entity on the Jamaica Stock Exchange junior market. Accordingly, the tax effect of these temporary differences is nil and no deferred tax asset or liability has been recognized in the financial statements.

9. Property, Plant and Equipment

	Land & building \$	Building improvement \$	Motor vehicles \$	Furniture fixtures & equipment \$	Total \$
	2025				
At Cost/Valuation					
January 1, 2025	222,000,000	4,558,114	63,972,255	22,699,187	313,229,556
Additions	-	5,496,528	3,198,613	1,872,259	10,567,400
Disposal	(222,000,000)	-	-	(11,040,000)	(233,040,000)
December 31, 2025	-	10,054,642	67,170,868	13,531,446	90,756,956
Accumulated Depreciation					
January 1, 2025	723,596	66,484	13,690,022	7,903,458	22,383,560
Charge for the year	-	201,719	11,997,710	1,207,174	13,406,603
Release on disposal	(723,596)	-	-	(6,332,872)	(7,056,468)
December 31, 2025	-	268,203	25,687,732	2,777,760	28,733,695
Net Book Value					
December 31, 2025	-	9,786,439	41,483,136	10,753,686	62,023,261

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

9. Property, Plant and Equipment (Continued)

	Land & building \$	Building improvement \$	Motor vehicles \$	Furniture fixtures & equipment \$	Total \$
2024					
At Cost/Valuation					
January 1, 2024	258,000,000	582,000	96,370,052	71,466,972	426,419,024
Additions	-	3,976,114	-	-	3,976,114
Disposal	(36,000,000)	-	(32,397,797)	(48,767,785)	(117,165,582)
December 31, 2024	222,000,000	4,558,114	63,972,255	22,699,187	313,229,556
Accumulated Depreciation					
January 1, 2024	14,048,596	43,650	31,054,219	21,764,918	66,911,383
Charge for the year	1,075,000	22,834	6,947,301	1,570,586	9,615,721
Release on disposal	(14,400,000)	-	(24,311,498)	(15,432,046)	(54,143,544)
December 31, 2024	723,596	66,484	13,690,022	7,903,458	22,383,560
Net Book Value					
December 31, 2024	221,276,404	4,491,630	50,282,233	14,795,729	290,845,996

Land and buildings are stated on a revaluation basis based on a triennial valuation done by external independent valuers. The land and building were sold during the year and the revaluation reserve transferred to retained earnings.

10. Right-of-Use Assets

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2025 \$	2024 \$
Right-of-use assets:		
Land and building		
Cost		
Opening balance	215,625,067	199,464,117
Addition	-	215,625,067
Termination	-	(199,464,117)
Lease modification	15,965,860	-
Closing balance	231,590,927	215,625,067
Accumulated depreciation		
Opening balance	7,187,502	62,625,953
Charge for the period	46,318,186	7,187,502
Termination	-	(62,625,953)
Lease modification	532,195	-
Closing balance	54,037,883	7,187,502
Net Book Value	177,553,044	208,437,565

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

10. Right-of-Use Assets (Continued)

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the the following amounts relating to leases:

	2025	2024
	\$	\$
Depreciation charge of right-of-use assets:		
Land and building	46,318,186	-

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

11. Trade Receivables

	2025	2024
	\$	\$
Trade Receivable	341,292,700	343,551,280
Expected Credit Loss	(73,835,274)	(21,761,131)
	<u>267,457,426</u>	<u>321,790,149</u>

12. Other Receivables

	2025	2024
	\$	\$
Prepaid Fees	1,984,596	11,198,108
Prepaid Insurance	9,643,402	14,452,906
Accrued Interest Income	3,580,166	-
Withholding Tax	-	16
Other	2,915,464	-
	<u>18,123,628</u>	<u>25,651,030</u>

13. Cash and Cash Equivalent

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2025	2024
	\$	\$
Current Accounts	74,191,081	28,088,620
Savings Accounts	17,887,752	3,341,125
Short Term Deposits	116,417,604	-
Cash in Hand	1,726,398	-
	<u>210,222,835</u>	<u>31,429,745</u>

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

14. Trade and Other Payables

	2025	Restated 2024
	\$	\$
Net Trade Payable	181,705,025	167,197,006
Audit Fee Accrued	12,000,000	1,650,000
General Consumption Tax	15,552,325	15,921,887
Insurance Payable	-	6,704,216
Credit Card Payable	36,096,842	-
Statutory Deductions and other	9,551,523	303,138
	<u>254,905,715</u>	<u>191,776,247</u>

15. Related party transactions and balances

(a) Sale of goods and services

	2025	2024
	\$	\$
Sale to related parties	<u>94,924,379</u>	<u>-</u>

(b) Purchase of goods and services

	2025	2024
	\$	\$
Purchases from related parties	<u>49,526,598</u>	<u>15,934,269</u>

(c) Other transactions

	2025	2024
	\$	\$
General Insurance	<u>27,374,835</u>	<u>15,934,269</u>

(d) Key Management Remuneration

	2025	2024
	\$	\$
Salaries	39,002,914	40,515,011
Statutory Deductions	2,676,750	2,775,417
Pension	1,800,000	1,761,666
	<u>43,479,664</u>	<u>45,052,094</u>
	2025	2024
	\$	\$
Directors' emoluments- Management Remuneration	28,018,760	29,702,093
Fees	-	1,896,000
	<u>28,018,760</u>	<u>31,598,093</u>

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

15. Related party transactions and balances (Continued)

(e) The amounts receivable from/payable to related parties are non-interest bearing and payable on demand.

(i) Due to related parties

	2025 \$	2024 \$
Related Parties	1,591,310	-
	<u>1,591,310</u>	<u>-</u>

(ii) Due from related parties

	2025 \$	2024 \$
Related Parties	1,099,860	9,370,116
	<u>1,099,860</u>	<u>9,370,116</u>

16. Lease Liabilities

The Company has long term lease agreement related to land and building

(i) **Amounts recognised in the statement of financial position**

The statement of financial position shows the following amounts relating to leases:

	2025 \$	2024 \$
Lease liabilities:		
Current	41,094,603	39,094,456
Non-current portion	151,313,032	169,325,603
	<u>192,407,635</u>	<u>208,420,059</u>

(ii) **Amounts recognised in the statement of comprehensive income**

The statement of comprehensive income shows the following amounts relating to leases:

	2025 \$	2024 \$
Interest expense (Note 7)	19,345,574	863,661
	<u>19,345,574</u>	<u>863,661</u>

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

16. Lease Liabilities (Continued)

(iii) Incremental borrowing rate

For the incremental borrowing rate, the Company uses the rate provided on external financing received by the Company as a starting point. The Management determined that this rate is a reasonable basis given that the borrowings are necessary to purchase the leased asset for the given period.

(iv) Lease payments

Payments associated with the lease of land and building.

(v) Extension and termination options

Extension and termination options are included in the lease agreement of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension and termination options held are exercisable only by the Company and not by the respective lessor.

The lease term is reassessed if an option is exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there was no revision to the lease terms.

17. Long – Term Liabilities

	2025	2024
	\$	\$
(a) Jamaica Money Market Brokers Limited, 12%, 2025	-	300,000,000
(b) Quantas Advantage Incorporation, 14.5%, 2029	247,500,000	277,500,000
(c) Jamaica Money Market Brokers Limited, 14.5%, 2029	111,131,649	277,500,000
(d) Jamaica Money Market Brokers Limited, 14.5%, 2029	202,577,018	462,500,000
	<u>561,208,667</u>	<u>1,317,500,000</u>
Less current portion	<u>(561,208,667)</u>	<u>(410,000,000)</u>
Long term portion	<u>-</u>	<u>907,500,000</u>

(a) Jamaica Money Market Brokers Limited, 12%, 2025

This represents a \$300,000,000 Jamaican dollar denominated fixed rate secured bond which attracted interest of 12% and matured 28 March 2025.

(b) Quantas Advantage Incorporation, 14.5%, 2029

This represents a \$300,000,000 Jamaican dollar denominated fixed rate secured bond which attracts interest of 14.5% and matures in 2029. This facility is secured by registered property located at 7A Ashenheim Road, Kingston 11 as well as guarantee from Construct Group Limited.

(c) Jamaica Money Market Brokers Limited, 14.5%, 2029

This represents a \$300,000,000 Jamaican Dollar denominated fixed rate secured bond which attracts interest of 14.5% and matures 28 March 2029.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

17. Long – Term Liabilities (Continued)

(d) Jamaica Money Market Brokers Limited, 14.5%, 2029

This represents a \$500,000,000 Jamaican Dollar denominated fixed rate secured bond which attracts interest of 14.5% and matures 28 March 2029. This facility is secured by registered property located at 7A Ashenheim Road, Kingston 11 as well as guarantee from Construct Group Limited and Musson (Jamaica) Limited.

18. Share Capital

	2025 \$	2024 \$
Authorised -		
Unlimited number of authorised shares		
Issued and fully paid -		
2,499,999,980(2024 – 1,950,000,000)		
Ordinary shares	<u>251</u>	<u>200</u>
Treasury shares 140 (2024 – 140)	<u>(1,217,266,496)</u>	<u>(1,217,266,496)</u>

On 20 March 2024, the Company pursuant to a Board resolution repurchased 140 shares for a total consideration of \$1,217,266,496 leaving 60 ordinary shares issued and outstanding.

On December 9, 2024, the Company at an extraordinary general meeting elected a share split in multiple of 32,500,000 which resulted in 60 issued and outstanding ordinary shares being split to create 1,950,000,000 ordinary shares issued and outstanding prior to initial public offering (IPO).

On April 4, 2025 a total of 499,999,800 ordinary shares were offered to the public in an Initial Public Offering (IPO) at \$1.00 per share, resulting in the issued shares increasing to 2,449,999,800 and listing on the Junior Market of the Jamaica Stock Exchange.

The proceeds from the issuance of shares in IPO amounted to \$499,999,800. The transaction cost amounted to \$39,728,000. Net proceeds amounted to \$460,271,800.

The proceeds from the IPO was primarily used to pay down existing debt.

19. Revaluation Reserve

	2025 \$	2024 \$
Revaluation Surplus (Land and Building)	215,000,000	215,000,000
Transfer of Revaluation Surplus to Retained Earnings	<u>(215,000,000)</u>	<u>-</u>
	<u>-</u>	<u>215,000,000</u>

20. Share Premium

	2025 \$	2024 \$
Issued shares at above par value in IPO	499,999,749	-
IPO Transaction Costs	<u>(39,728,000)</u>	<u>-</u>
	<u>460,271,749</u>	<u>-</u>

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

21. Earnings Per Share

	2025	2024
	\$	\$
Net profit attributable to stockholders	68,874,344	90,501,699
Weighted average number of ordinary stock units in issue	2,323,972,453	1,950,000,000
Earnings per stock unit	\$ 0.03	\$ 0.05

22. Inventory

	2025	Restated 2024
	\$	\$
Inventory - Warehouse	667,866,217	742,895,793
Inventory - Goods in Transit (Note 23)	88,275,068	62,727,234
	<u>756,141,285</u>	<u>805,623,027</u>

23. Restatement

A restatement was made to the Company's financial statements for the year ended 31 December 2024 to recognise Goods-In-Transit and the corresponding liabilities amounting to \$62,727,234. The effect of the restatement is as follows:

Statement of Financial Position:

	As Previously Stated 2024	Restatement	Restated 2024
	\$	\$	\$
Non- Current Assets	499,283,561	-	499,283,561
Current Assets			
Cash and Cash Equivalent	31,429,745	-	31,429,745
Trade Receivables	321,790,149	-	321,790,149
Other Receivables	25,651,030	-	25,651,030
Inventory	742,895,793	62,727,234	805,623,027
	<u>1,121,766,717</u>	<u>62,727,234</u>	<u>1,184,493,951</u>
Total Assets	<u>1,621,050,278</u>	<u>62,727,234</u>	<u>1,683,777,512</u>
EQUITY AND LIABILITIES			
Shareholders' Equity	(49,077,719)	-	(49,077,719)
Non-Current Liabilities	1,076,825,603	-	1,076,825,603
Current Liabilities			
Trade and Other Payable	129,049,013	62,727,234	191,776,247
Taxation Payable	15,158,925	-	15,158,925
Current Portion of Long - Term Liabilities	410,000,000	-	410,000,000
Current Portion of Lease Liabilities	39,094,456	-	39,094,456
	<u>593,302,394</u>	<u>62,727,234</u>	<u>656,029,628</u>
Total Equity and Liabilities	<u>1,621,050,278</u>	<u>62,727,234</u>	<u>1,683,777,512</u>

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

23. Restatement (Continued)

Statement of Cash Flows:

	As Previously Stated 2024 \$	Restatement \$	Restated 2024 \$
CASH RESOURCES WERE PROVIDED BY:			
Operating Activities:			
Net Profit after tax for the year	90,501,699	-	90,501,699
Adjustments for non-cash items	<u>(364,567,577)</u>	<u>-</u>	<u>(364,567,577)</u>
	(274,065,878)	-	(274,065,878)
Changes in Operating Assets and Liabilities:			
Trade Receivables	(119,989,183)	-	(119,989,183)
Other Receivables	209,715,355	-	209,715,355
Inventory	78,184,974	(62,727,234)	15,457,740
Trade and Other Payables	35,044,714	62,727,234	97,771,948
Taxation Paid	<u>(54,394,495)</u>	<u>-</u>	<u>(54,394,495)</u>
Net Cash Flows Used in Operating Activities	(125,504,513)	-	(125,504,513)
Investing Activities:			
Net Cash Flows Provided by Investing Activities	73,509,449	-	73,509,449
Financing Activities:			
Net Cash Flows Used in Financing Activities	<u>(343,031,197)</u>	<u>-</u>	<u>(343,031,197)</u>
Net Decrease in Cash and Cash Equivalent	(395,026,261)	-	(395,026,261)
Cash and Cash Equivalent at Beginning of Year	<u>426,456,006</u>	<u>-</u>	<u>426,456,006</u>
CASH AND CASH EQUIVALENT AT END OF YEAR	<u><u>31,429,745</u></u>	<u><u>-</u></u>	<u><u>31,429,745</u></u>

24. Segment Financial Reporting

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

The main activities of the Company comprise the sale of hardware and building supplies. These activities are organised and reported on by management as a single business segment.

Atlantic Hardware & Plumbing Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

25. Subsequent events

- (a) In February 2026, Atlantic expanded into agro-distribution through the acquisition of the assets and distribution rights from a local distributor. The acquisition include a portfolio of leading agricultural brands from some of the world's foremost manufacturers, including Monsanto RoundUp, Dow AgroSciences Dithane, Pioneer hybrid corn, Newport-Fersan fertiliser, Nutramix feed, Certis Agree, Bellula machetes and files, and Solo spray cans. The expanded portfolio spans fertilisers, pesticides, vegetable seeds, veterinary products, and home and garden items. The Company now serves over 150 farms, farm supply stores, veterinary practices, pet shops, and hardware stores island-wide. This new agro-distribution business further broadens Atlantic's customer base, diversifies its revenue streams, and expands its footprint.
- (b) On 3 February 2026, the Company secured a J\$590 million term loan facility at an interest rate of 10.0%, replacing the JMMB acquisition debt facilities, which carried a rate of 14.5%. Additionally, as a part of this refinancing, the Company secured a J\$100 million overdraft facility and a J\$10 million credit card facility. This refinancing will result in meaningful interest savings as well as liquidity space to support the business' continued growth.