

2022 ANNUAL REPORT

Stronger For Longer IRI BATTERY

SINCE 1950

(12 Months) FYE Oct - Sept 2022 vs the prior FYE Oct - Sept 2021

REVENUE \$2.6B VOY Increase	NET INCOME AFTER TAX \$197.0M YOY Increase	EARNINGS PER SHARE \$0.15 YOY Increase	RETURN ON EQUITY
31.5%	123.0%	123.0%	82.8%



(12 Months) FYE Oct - Sept 2022 vs the prior FYE Oct - Sept 2021 31.5%

\$2.6 YOY Incr 31.5

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VISION & STRENGTH | TROPICAL BATTERY ANNUAL REPORT 2022

Section

VISION & STRENGTH



Our Vision Our Unique Strengths Core Values

OUR VISION

Our vision is to provide and promote the growth of safe, quality and clean-energy storage solutions across Jamaica and the Caribbean Region. We will do this by empowering our team through continual education on the benefits of sustaining our environment.

STRENGTHS

Tropical Battery has a distinguished history of providing the Jamaican market with world class service and renowned automotive consumer product brands. Only Tropical Battery offers over 72 years of technical expertise and service in the energy storage field. This household brand offers the widest range of brands and batteries across the island.

- Tropical Battery also carries the broadest range of warranties, prices and sizes, which allows us to continue to support our retailers and distributors by maintaining price integrity in the market.
- Great value has been realized in the mobile response service, that delivers batteries to customers within the corporate area and our Branch vicinities.

- We are an environmentally conscious brand, and this has pushed us to be the largest exporter of spent batteries island wide.
- we have no doubt that it will continue to make further inroads into its target markets.

•





123.0%



Now that the company is embracing cutting-edge technology,



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OUR CORE VALUES

Live with passion & purpose.

Embody exceptional service & safety.

Honesty & respect; will get us much further ahead.

Build meaningful relationships.







NET INCOME AFTER TAX \$197.0M 123.0%

ARNINGS PER SHA 123.0%

RETURN ON FOUITY 19.7% 82.8%

Commit to helping others & our communities.

Think positive; that's the

Have fun; be happy in

Embrace change; keep learning, growing &

NOTICE OF ANNUAL GENERAL MEETING | TROPICAL BATTERY ANNUAL REPORT 2022

NOTICE OF ANNUAL GENERAL MEETING | TROPICAL BATTERY ANNUAL REPORT 2022

Section 02

Notice of Annual General Meeting



Annual General Meeting

Notice of Annual General Meeting

The Annual General Meeting (AGM) of Tropical Battery Company Limited (hereinafter referred to as the Company) will be held on March 15, 2023 at 10am in hybrid format (In-Person at 30 Automotive Parkway, Ferry Commercial Park, Mandela Highway, Kingston 20) and Online using the Zoom platform to consider and (if thought fit) pass the following resolutions:

To receive the report of the Board of Directors and the Audited Financial 1. Statements for the Year ended 30 September 2022 circulated herewith

RESOLUTION NO 1

"THAT the Audited Financial Statements for the year ended 30 September 2022 and the reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2. To elect Directors

RESOLUTION NO 2

"THAT the following Directors who retire in accordance with Section 108 of the Articles of Incorporation and who being eligible, offer themselves for re-appointment, be hereby reappointed en bloc:-Ricardo Omar Hutchinson, Marc Francis Ramsay, and Caryl Fenton."

3. Auditors.

RESOLUTION NO 3

"THAT KPMG, Chartered Accountants, having signified their willingness to serve, continue in the office as Auditors of the Company pursuant to Section 154 of the Companies Act to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

4. To fix the fees of the Directors

RESOLUTION NO 4

"THAT the amount shown in the Financial Statements of the Company for the year ended 30 September 2022 for fees of the Directors be and is hereby approved."

Final dividend 5.

RESOLUTION NO 5

"THAT the dividend declared by the Board of Directors on December 15, 2022 be declared as final."



To appoint Auditors and authorize the Directors to fix the remuneration of the

By Order of the Board

For AspireSec Limited **Company Secretary Tropical Battery Company Limited**

OUR BUSINESS | TROPICAL BATTERY ANNUAL REPORT 2022

OUR BUSINESS | TROPICAL BATTERY ANNUAL REPORT 2022

Section

Our Business



Company Overview

Revenue Composition

Financial Highlights

Operating KPI's

5-Year Statistical Review

Overview

As one of Jamaica's oldest and most trusted household brands, Tropical Battery is committed to quality and reliability. We have primarily operated in the energy storage space for more than 72 years through the sale and distribution of batteries. When you need a way to power your car, truck, boat, forklift, bike, or generator, we have reliable energy storage products to meet your needs.

Tropical Battery's sales strategy focuses on solutions for energy storage, including renewable energy and other automotive service items. Some of these service items need to be replaced on a regular basis, typically every 3 to 18 months. Batteries are typically replaced between 1 to 10 years, depending on the industry application (automotive, renewable, etc.) and usage. Tyres, oils and other lubricants, have differing life expectancies.

We aim to provide our customers with an integrated "one - stop" solution for premium energy storage and automotive service items.

Kingston, Jamaica with distribution centres Williams, an American businessman. In 1967 currently located in Kingston and Montego the Company was purchased by John Bay, 6 Retail Stores (Ocho Rios, Mandeville, Melville and it remains controlled by the Montego Bay and 3 in Kingston) and Melville family today. Tropical Battery approximately 1,000 resellers (Gas Stations, originally started as a manufacturer of lead Auto Parts stores, etc.) to serve the acid storage batteries. In the early 1990's, Jamaican market.

Tropical Battery has its headquarters in Tropical Battery was founded in 1950 by Tex Tropical Battery changed its business model from being a manufacturer to a major battery distribution company.

Today, the Company's core business continues to be sales of automotive batteries, but is now complimented by the distribution of several local and world-renowned automotive consumer product brands, including the following:

CARIBRAKE **BRAKE FLUIDS**

The Directors consider that the Caribrake brand, which is owned and distributed by Tropical Battery, is the market leader in Jamaica.

OILS **& LUBRICANTS**

The Company distributes recognizable foreign brands and its own Tropical Battery brand of Oil as well, which is manufactured to the highest quality and made specifically for warmer climates like Jamaica and most of the Caribbean.

In addition to retailing and distributing, Tropical Battery exports more than one million tons of spent batteries every year, earning US dollars and cleaning the environment.





OTHER NECESSARY ITEMS ('SERVICE ITEMS')

Tropical Battery's own branded coolant. windscreen wash and de-ionized water, tyres, Versachem and other additives, automotive cleaning supplies, etc.

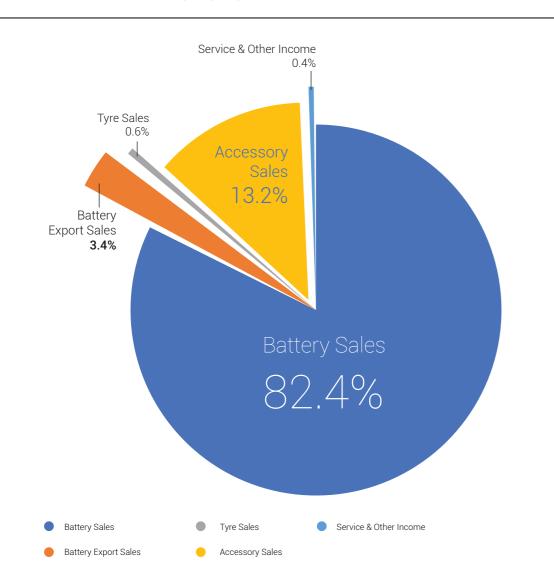
(12 Months) FYE Oct - Sept 2022 vs the prior FYE Oct - Sept 2021

Revenue Composition For the fiscal year ending September 30, 2022

For the fiscal year ending September 30, 2021

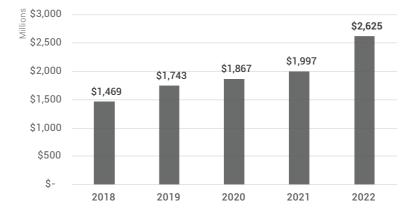
Battery Sales	2,155,066,862	82.4%
Battery Export Sales	88,322,780	3.4%
Tyre Sales	15,249,747	0.6%
Accessory Sales	346,365,055	13.2%
Service & Other Income	11,710,023	0.4%

2,616,714,467 100.0%

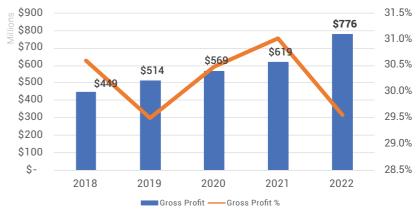


Financial Highlights

Revenue

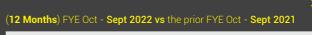


Gross Profit





For the fiscal year ending September 30, 2022

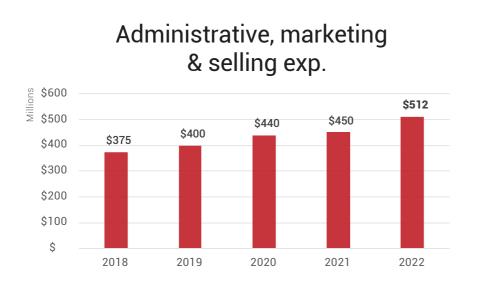


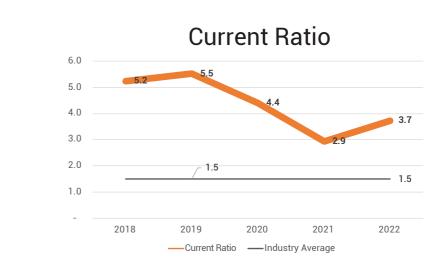
Financial Highlights

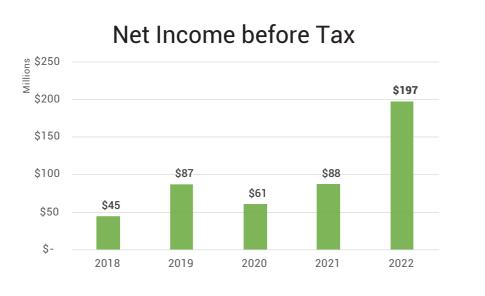
OUR BUSINESS | TROPICAL BATTERY ANNUAL REPORT 2022

Financial Highlights

For the fiscal year ending September 30, 2022











For the fiscal year ending September 30, 2022

Operating KPI's

For the fiscal year ending September 30, 2022



5-Year Statistical Review

Key Ratios			2018	2019	2020	2021	2022
Current Ratio	=	Current Assets / Current Liabilities	5.2	5.5	4.4	2.9	3.7
Debt to Equity	=	Total Debt / Equity	1.8	1.5	1.0	1.1	1.0
Debt to EBITDA	=	Total Debt / 12 mths. EBITDA Net Operating Income / Debt	8.2	4.7	3.7	2.4	2.4
Debt Service Coverage Ratio (DSCR)	=	Service [12 mths. Interest Payments + Principal Repayments]	9.7	14.1	2.6	5.1	3.2
Operation Ratios							
Days Receivable			71.1	59.1	58.6	64.2	55.4
Days Payable			75.9	57.2	32.5	86.8	75.1
Days Inventory			170.9	137.9	105.4	120.3	138.5
Inventory Turnover Ratio	=	Cost of Goods Sold / Avg Inventory	2.1	2.7	4.3	2.3	2.3

Balance Sheet

	Audited	Audited	Audited	Audited	Audited
	2018	2019	2020	2021	2022
CURRENT ASSETS					
Cash and cash equivalent	78,576,976	143,238,834	262,502,567	173,828,917	168,121,3
Accounts receivables Taxation recoverable	286,202,978	282,229,637	299,986,594	351,235,981 525,060	398,821,3 727,3
Due from related companies	306,246,587	273,032,432	154,049,214	157,400,499	247,837,
Due from directors	2,082,587	2,163,107	-	-	
Due from parent company	22,904,951	23,385,227	23,385,227	23,385,227	23,385,2
Inventories Total Current Assets	478,456,702 1,174,470,781	450,133,458 1,174,182,695	299,609,370 1,039,532,972	608,593,378 1,314,969,062	795,126,0 1,634,019,1
		<u></u>			<u>.,</u>
CURRENT LIABILITIES	011 000 000	100 510 411	115 511 000	007 676 007	000 700 -
Accounts payable Due to related party	211,966,289	192,519,411	115,511,333	327,676,037 5.000.000	380,700,7
Short-term loan	-	-	100,000,000	100,000,000	
Current portion of lease liability	-	-	-	15,856,683	17,442,2
Current portion of long term loans Taxation payable	- 12,124,761	- 20,145,192	14,415,231 5,931,345	-	40,000,0
Total Current Liabilities	224,091,050	212,664,603	235,857,909	448,532,720	438,143,0
NET CURRENT ASSETS	950,379,731	961,518,092	803,675,063	866,436,342	1,195,876,1
NON-CURRENT ASSETS					
Investment in joint venture Intangible assets	- 38,133,005	- 38,133,005	- 38,133,005	5,000,000 38,133,005	5,000,0 38,133,0
Property, plant & equipment	76,431,079	70,026,094	161,908,088	176,695,423	161,038,3
Right of use assets	-	-	172,400,723	152,649,254	132,897,1
Deferred Taxation	32,288,281	21,368,373	-	-	
Employee Benefits Total Non-Current Assets	59,802,000 206,654,365	<u>41,678,000</u> 171,205,472	35,517,000 407,958,816	<u>54,407,000</u> 426,884,682	68,619,0 405,688,
	1,157,034,096	1,132,723,564	1,211,633,879	1,293,321,024	1,601,564,2
Represented by: SHAREHOLDER'S (NET DEFICIT) / EQUITY					
Share Capital	370,000	370,000	156,675,300	156,675,300	156,675,3
Capital contribution	459,207,861	459,207,861	459,207,861	459,207,861	459,207,8
Accumulated (deficit) / retained earnings Current earnings	(2,258,536) 44,890,868	915,964 86,583,983	58,586,673 60,576,068	122,465,035 87,524,906	194,451,5 197,475,6
ourcht eannigs	502,210,193	547,077,808	735,045,902	825,873,102	1,007,810,3
NON-CURRENT LIABILITIES					
Lease liability	-	-	161,423,393	145,566,710	128,124,4
Long-term loans Deferred tax liability	654,823,903	585,645,756	307,668,546 7,496,038	310,028,468 11,852,744	452,051,2 13,578,1
Deletted ldx lldbillty	654,823,903	585,645,756	476,587,977	467,447,922	593,753,8

REVENUE	NET INCOME AFTER TAX	EARNINGS PER SHARE	RETURN ON EQUITY
\$2.6B	\$197.0M	\$0.15	19.7%
YOY Increase	YOY Increase	YOY Increase	YOY Increase
31.5%	123.0%	123.0%	82.8%
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Income Statement

	Audited		Audited		Audited		Audited		Audited	
	2018	%	2019	%	2020	%	2021	%	2022	%
Total Revenue	1,469,207,629	100.0%	1,742,620,392	100.0%	1,867,149,083	100.0%	1,997,076,917	100.0%	2,625,322,327	100.0%
Cost of Sales										
Cost of Sales - Automotive	(1,019,852,225)	-69.4%	(1,228,594,924)	-70.5%	(1,298,237,958)	-69.5%	(1,377,640,850)	-69.0%	(1,849,274,283)	-70.4%
Total Cost of Sales	(1,019,852,225)	-69.4%	(1,228,594,924)	-70.5%	(1,298,237,958)	-69.5%	(1,377,640,850)	-69.0%	(1,849,274,283)	-70.4%
Gross Profit	449,355,404	30.6%	514,025,468	29.5%	568,911,125	30.5%	619,436,067	31.0%	776,048,044	29.6%
Operating Expenses										
Administrative, marketing and selling exp.	(374,694,068)	-25.5%	(400,894,080)	-23.0%	(439,776,899)	-23.6%	(443,993,739)	-22.2%	(511,900,970)	-19.5%
Impairment loss on trade receivables	-	0.0%	1,142,520	0.1%	(6,724,180)	-0.4%	(6,282,026)	-0.3%	-	0.0%
Total Operating Expenses	(374,694,068)	-25.5%	(399,751,560)	-22.9%	(446,501,079)	-23.9%	(450,275,765)	-22.5%	(511,900,970)	-19.5%
Operating Profit	74,661,336	5.1%	114,273,908	6.6%	122,410,046	6.6%	169,160,302	8.5%	264,147,074	10.1%
Other operating income	4,921,154	0.3%	9,094,081	0.5%	13,715,756	0.7%	23,578,641	1.2%	12,832,950	0.5%
Total EBIDTA	79,582,490	5.4%	123,367,989	7.1%	136,125,802	7.3%	192,738,943	9.7%	276,980,024	10.6%
Finance Costs & Depreciation										
Loan interest	6,719,037	0.5%	(8,079,304)	-0.5%	(34,771,281)	-1.9%	(35,158,227)	-1.8%	(42,395,533)	-1.6%
Lease interest	-	0.0%	-	0.0%	-	0.0%	(12,701,106)	-0.6%	(11,547,593)	-0.4%
Bank Charges	(14,243,513)	-1.0%	(9,504,060)	-0.5%	(10,252,848)	-0.5%	(15,059,705)	-0.8%	(17,419,684)	-0.7%
Finance income	(4,404,138)	-0.3%	4,673,607	0.3%	2,824,912	0.2%	3,634,501	0.2%	3,991,142	0.2%
FX Realized gain / (loss)	-	0.0%	-	0.0%	-	0.0%	6,194,293	0.3%	41,573,656	1.6%
Depreciation	(22,763,008)	-1.5%	(23,874,249)	-1.4%	(33,350,517)	-1.8%	(52,123,793)	-2.6%	(53,706,335)	-2.0%
Total Finance Costs & Depreciation	(34,691,622)	-2.4%	(36,784,006)	-2.1%	(75,549,734)	-4.0%	(105,214,037)	-5.3%	(79,504,347)	-3.0%
Net Income before Tax	44,890,868	3.1%	86,583,983	5.0%	60,576,068	3.2%	87,524,906	4.4%	197,475,677	7.5%
Taxation	(13,913,040)	-0.9%	(23,686,282)	-1.4%	(31,239,774)	-1.7%	808,044	0.0%	(462,155)	0.0%
Net Income after Tax	30,977,828	2.1%	62,897,701	3.6%	29,336,294	1.6%	88,332,950	4.4%	197,013,522	7.5%
Other comprehensive income	17,877,750	1.2%	(12,237,750)	-0.7%	2,326,500	0.1%	15,494,250	0.8%	10,923,750	0.4%
Total comprehensive (loss)/income	48,855,578	3.3%	50,659,951	2.9%	31,662,794	1.7%	103,827,200	5.2%	207,937,272	7.9%
EPS (Earning Per Share)	N\A		N\A		\$ 0.03		\$ 0.07		\$ 0.15	



EARNINGS PER SHARE \$0.15 YOY Increase **123.0%**



Cash Flow Statement

	Audited		Audited		Audited		Audited		Audited	
	2018	%	2019	%	2020	%	2021	%	2022	%
Net profit after Tax	30,977,828	39%	62,897,701	44%	29,336,294	11%	88,332,950	51%	197,013,522	117%
Adjustments to reconcile net profit/(loss										
Employee Benefit	188,000	0%	1,807,000	1%	9,263,000	4%	1,769,000	1%	353,000	0%
Depreciation	22,763,008	29%	23,874,249	17%	33,350,517	13%	52,123,793	30%	53,706,335	32%
Taxation expense	13,913,040	18%	23,686,282	17%	31,239,774	12%	(808,044)	0%	462,155	0%
Interest expense	220,807	0%	9,786,620	7%	26,111,669	10%	35,158,227	20%	42,395,533	25%
Interest on lease liabilities	-	0%	-	0%	7,010,725	3%	12,701,106	7%	11,547,593	7%
Amortisation of Debt issuance costs	-	0%	505,697	0%	2,022,790	1%	2,022,790	1%	2,022,790	1%
Interest income	(830,971)	-1%	(1,707,316)	-1%	(2,374,833)	-1%	(3,634,501)	-2%	(3,991,142)	-2%
Unrealised foreign exchange gains	-	0%	-	0%	-	0%	(6,943,306)	-4%	(11,525,177)	-7%
Gain/(Loss) on disposal of property plant and equipment	(1,650,000)	-2%	(5,476,774)	-4%	36,046	0%	(1,519,087)	-1%	(4,500,000)	-3%
Gain on disposal of investments	-	0%	-	0%	-	0%	(13,208,345)	-8%	-	0%
-	65,581,712	83%	115,373,459	81%	135,995,982	52%	165,994,583	95%	287,484,609	171%
Changes in operating assets and liabilities										
Inventories	(2,095,856)	-3%	28,323,244	20%	150,524,088	57%	(308,983,997)	-178%	(188,312,967)	-112%
Receivables	42,444,280	54%	(2,483,247)	-2%	(17,756,957)	-7%	(51,323,427)	-30%	(46,306,083)	-28%
Taxation	-	0%	-	0%	-	0%		0%		0%
Related parties	(21,144,098)	-27%	32,733,879	23%	118,983,218	45%	(3,351,285)	-2%	(90,436,925)	-54%
Director's loan	(15,585)	0%	(80,520)	0%	2,163,107	1%	5,000,000	3%	(5,000,000)	-3%
Short term loan	-	0%	-	0%	-	0%	-	0%	-	0%
Payables	(84,136,066)	-107%	(23,240,290)	-16%	(77,008,078)	-29%	219,519,171	126%	61,636,040	37%
Cash (used)/provided by operating activities	634,387	1%	150,626,525	105%	312,901,360	119%	26,855,045	15%	19,064,674	11%
Interest received	830,971	1%	1,707,316	1%	2,374,833	1%	3,634,501	2%	3,991,142	2%
Interest paid	(220,807)	0%	(5,993,208)	-4%	(26,111,669)	-10%	(35,158,227)	-20%	(39,692,372)	-24%
Taxation recovered / (paid)	(275,353)	0%	(2,441)	0%	(17,364,710)	-7%	(6,456,405)	-4%	(2,580,706)	-2%
Net cash (used)/provided by operations	969,198	1%	146,338,192	102%	271,799,814	104%	(11,125,086)	-6%	(19,217,262)	-11%
Cash flows from investing activities										
Investments encashed	-	0%	-	0%	-	0%	(50,000,000)	-29%	4,500,000	3%
Proceeds for the sale of investments	-	0%	-	0%	-	0%	63,208,345	36%	-	0%
Proceeds from sale of property plant and equipment	(65,581,712)	-83%	10,000,000	7%	50,001	0%	3,800,000	2%	-	0%
Investment in joint venture	-	0%	-	0%	-	0%	(5,000,000)	-3%	-	0%
Purchase of property plant and equipment	(24,495,390)	-31%	(21,992,490)	-15%	(114,717,193)	-44%	(49,440,572)	-28%	(18,297,783)	-11%
Net cash provided by/(used in) investing activities	(90,077,102)	-115%	(11,992,490)	-8%	(114,667,192)	-44%	(37,432,227)	-22%	(13,797,783)	-8%
Cash flows from financing activities										
Loan received or bond raise	-	0%	300,000,000	209%	100,000,000	38%	-	0%	200,000,000	119%
Repayment of long-term loan	-	0%	(10,113,950)	-7%	-	0%	-	0%	(20,000,000)	-12%
Proceeds from issuing share capital	-	0%	-	0%	156,305,300	60%	-	0%	-	0%
Payment of lease liabilities	-	0%	-	0%	(14,174,189)	-5%	(27,116,337)	-16%	(27,427,971)	-16%
Dividends paid	-	0%		0%	-	0%	(13,000,000)	-7%	(25,264,557)	-15%
Loan or bond repaid principal	89,047,587	113%	(359,569,894)	-251%	(280,000,000)	-107%	-	0%	(100,000,000)	-59%
Net cash provided by financing activities	89,047,587	113%	(69,683,844)	-49%	(37,868,889)	-14%	(40,116,337)	-23%	27,307,472	16%
Net increase/(decrease) in cash and cash equivalents	(60,317)	0%	64,661,858	45%	119,263,733	45%	(88,673,650)	-51%	(5,707,573)	-3%
Cash & cash equivalents at beginning of the period	78,637,293	100%	78,576,976	55%	143,238,834	55%	262,502,567	151%	173,828,917	103%
Cash & cash equivalents at end of the period	78,576,976	100%	143,238,834	100% _	262,502,567	100% _	173,828,917	100% _	168,121,344	100%
Comprising of:										
Cash and cash equivalents	78,576,976	100%	143,238,834	100%	262,502,567	100%	173,828,917	100%	168,121,344	100%
-	78,576,976	100%	143,238,834	100%	262,502,567	100%	173,828,917	100%	168,121,344	100%

EMBODY EXCEPTIONAL SERVICE & SAFETY.

(12 Months) FYE Oct - Sept 2022 vs the prior FYE Oct - Sept 2021

31.5%

123.0%







GOVERNANCE | TROPICAL BATTERY ANNUAL REPORT 2022

Section

Governance



Managing Director's Message

Board of Directors

Corporate Governance

MANAGING DIRECTOR'S MESSAGE **FISCAL YEAR END 2022**

Overview

The Tropical Battery Team is pleased with the achievements of our teamwork this year, and how well we worked together to achieve our goals. We continue to receive great support and guidance by our board of directors, advisors, suppliers, customers and entire team. This will help us to hit the new 2023 targets and explore more opportunities. We continue to promote the health and safety of our team members and look out for their wellbeing. Next year we are excited to embark on further plans to create more value by increasing revenue, gross profit and net profit.

Tropical Battery Company continues its drive to ensure used batteries are disposed of, and recycled in the most environmentally friendly manner. We ramped up our public campaign to encourage more customers to return used batteries to us. We reward customers for ever used battery that they returned to our retail outlets. We exported close to 900 metric tons of spent batteries for recycling.

conscious of our greenhouse gas emissions, we purchased another electric forklift for use competitive wages. in the warehouse to help reduce the usage of the propane forklifts in our operations. We also initiated our separation of waste program in 2022. We engaged a local recycling company for the collection and recycling of our plastic bottles. In addition to recycling plastic bottles, we disposed of wastepaper totaling 6,316lbs.

The Directors and Senior Management Team increased the renumeration packages for all Our passion for the development of early staff members to align with inflation. In childhood education continues with the

The drive to be more environmentally concord with our core values, we continue to ensure that all team members earn fair and

> Tropical Battery continues to invest in development and empowerment. In 2022, team members were introduced to several training workshops to include, proper lifting techniques, fire safety and fire prevention practices, training and appointment of Fire Wardens, Battery Charging Safety Guidelines and customer service delivery.

support for The Little Einsteins Learning Center in Seaview Gardens. Book vouchers from Kingston Bookshop were donated to the graduates in their Moving On Ceremony. The Trench Town Seventh Day Adventist church got our support for their Back- to -School Treat for children in the community. They received book vouchers which were well received.

Fiscal year

For the fiscal year, revenue came in at \$2.6 billion or 31.5% above last year. Gross Profit percentage was 29.6%, which was below the prior year's 31.0%. However, in dollars we grew Gross Profit by 25.3%, from \$619 million in FY 2021 to \$776 million in FY 2022 Administration, marketing and selling expenses grew at 13.7% over the prior period, which is materially slower than our 31.5% revenue growth. This reflects gains in efficiency and improvements in our revenue and expense management per employee. We started the year with 121 team members and close the year at 125, or a 3.3% increase, which again confirms our ability to be more efficient.

Earnings before interest, depreciation, taxation and amortization (EBIDTA) increased 43.7% to \$277 million from \$193 million in the prior year. Net profit after tax was \$197 million, up 123% from FY 2021's \$88.3 million and earnings per stock unit was \$0.15 per share versus \$0.07 in FY 2021, showing a 123% increase over the previous year.

Financial Position

Total Equity was up 22.0% moving from \$826 million at the end of fiscal year 2021 to \$1 billion as at September 30, 2022. The increase was driven mainly through increases in retained earnings. The return on equity (ROE) came in at 19.7%, which was a material 82.8% increase over the prior year's ROE.

Total Assets increased to \$2.04 billion from \$1.74 billion, as increases in current assets were driven by conscious decisions to increase our inventory levels, given global shipping and logistics problems being experienced. Total liabilities also increased, moving from \$916 million as at the fiscal yearend 2021 to \$1.03 Billion as that September 30, 2022. As you can see, our total assets grew by a greater amount i.e., \$298 million, versus our liabilities which increased by a lessor amount \$116 million . This positive move reflects our focus on improving the capital structure.



FARNINGS PER SHARE

\$0.15

123.0%

RETURN ON FOUITY

19.7%

82.8%

Cash Flow

Cash used by the operations was \$19 million, compared to \$11 million last fiscal year. Again, reflecting our decision to invest excess liquidity into inventory. As at the 30 of September 2022, cash and cash equivalents stood at \$168 million. This cash and our strong balance sheet (particularly our high levels of inventory) positions us well to achieve our growth objectives into new product lines and markets/countries, as well as to fund the rest of our 2023 strategic growth plan and beyond.

Outlook

We will continue to focus on creating additional shareholder value through acquisitions and partnerships with aligned profitable companies in Jamaica and across the Caribbean region. To this end, we continue have discussions and perform the necessary due diligence with several suitable targets.

Impact of COVID-19

The health and safety of our staff and customers was and continues to be our first priority. At our retail stores, warehouses and head office, we continued the government recommended safety measures, aimed at providing a safe environment for our staff and customers. These measures include encouraging team members and customers to wear mask, sanitize their hands, etc. Also, we provide our staff with all necessary safety items required to perform their respective duties, all at a relatively low cost to the Company. These measures have had an impact of our expenses but were in line with our commitment to employee and customer health and safety.

The Company's supply chains remain intact, but some late shipments were experienced from suppliers because of the supply chain cycle delays.

The work from home and social distancing procedures implemented to slow the spread of COVID-19, could have had a more severe impact on Tropical Battery's distribution. However, due to recent innovations and upgrades to our distribution strategy in recent years, the company was able to minimize the effect of less consumer traffic in our retail stores by using our home delivery/roadside delivery service to get batteries to customers.

BOARD OF DIRECTORS



Marc Melville Chairman

Marc Melville has over 27 years' experience in the businesses of the group, starting with his tenure at Tropical Battery 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 Managing Director

Alexander Melville is the Managing Director of Tropical Battery, and has more than 26 years of work experience in the industry Automotive/Battery Business. The experience ranges from warehouse hand, receivables clerk, finance director, to his current role. The highlights during this time would be the transition to real-time sales accounting for all of our retail stores, restructuring shareholder equity with significant investment from our parent company, and helping to put the right people in the right seats, then inspiring and motivating them to achieve growth rates significantly above our industry growth rates.

Alexander, also sits on the Board of Eppley Limited, a finance and investment company listed on the JSE, and is on the Audit and Remuneration Committees of that company. Additionally, on Chukka Group Boards; Diverze Assets Inc., Diverze Properties, and as the Treasury Director of Chukka Caribbean Adventures Ltd (a regional Nature Adventure Tour Company)

GOVERNANCE | TROPICAL BATTERY ANNUAL REPORT 2022



Daniel Melville Jr Deputy Managing Director

In 2014, Daniel took-up the role as the VP 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 Deputy Managing Director.

Daniel is also a board member, and his mandate is to ensure that Tropical Battery is constantly moving towards 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. Prior to joining same, he worked with Carnival Cruise Lines which helped him to gain a unique understanding of visitors' vacation preferences and needs.



Ricardo Hutchinson Non – Executive Director

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. Prior to joining Portland Private Equity, Ricardo held the role of Associate

Director- 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 Masters of Science degree in economics from the University of the West Indies and is a CFA Charter holder.



Caryl Fenton FCA (Jamaica), FCCA (UK)

Independent Director

Caryl Fenton is a Chartered Accountant, having retired as an audit partner on September 30, 2011, from the firm KPMG Chartered Accountants. During her 30 years at KPMG she held engagement partner responsibility for a large portfolio of the 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 Independent Director

Marc Ramsay 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 Partner in RamsaySmith, Attorneys-at-Law, his practice focuses on mergers and acquisitions, finance, and international trade, including advising Tropical Battery Company Limited and Diverze Assets Inc. Marc has served on several private and public sector boards including 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 currently serves as coach to the international law mooting team at the Norman Manley Law School.

Corporate Governance

The Board has established an Audit and Risk Committee, and a Remuneration Committee. each of which is required under the Junior Market Rules. The members of each Committee include at least 2 independent non executive Directors, and are as follows:

Audit and Risk Committee	Remuneration Committee
Caryl Fenton (Chair)	Marc Ramsay (Chair)
Alexander Melville	Alexander Melville
Marc Ramsay	Caryl Fenton

Mentor

We also have a well-respected mentor in Mr. Jeffrey Hall, Chief Executive Officer and a 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.

LIVE UL ABL PASSION & PURPOSE.

(12 Months) FYE Oct - Sept 2022 vs the prior FYE Oct - Sept 2021

REVENUE	
\$2.6B	
YOY Increase	
31.5%	

IET INCOME AFTER TAX 123.0%





123.0%

9 82.8%



LEADERSHIP TEAM



Reshando Mais Financial Controller

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 in accordance with International Financial Reporting Standards.

He is a graduate of Northern Caribbean University and University of the Commonwealth Caribbean, where he obtained a Bachelor of Science Degree in Business Administration with 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 Director of Sales & Marketing

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.



Stacy-Ann Spence Operations Manager

Stacy-Ann has been apart 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.





Sandra Russell Human Resource Manager

Sandra joined our management team in January 2019, in the capacity of Human Resource Manager. She studied at both local and overseas institutions where she now holds a Bachelor of Science degree in Human Resource Management from Madison University, USA., and a Diploma in Personnel Management & Industrial Relation from IMP. Mrs. Russell has twenty-four (24) years of management experience in the private sector namely Lasco Distributors Limited. She also served in the Banking and Public Sector as well.

BUSINESS LEADERSHIP | TROPICAL BATTERY ANNUAL REPORT 2022



Kamesha Robinson 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' experience in the telecommunications, retail and automotive industries, she comes with high-quality administrative skills and solid general business knowledge. Prior to Tropical Battery, she worked at Mossel Jamaica Ltd. (Digicel) in the areas of Customer Service and Site Acquisition.

She graduated with honors 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.



Orane Gray Management of Information Systems

O'Rane recently joined the management team as an IT Consultant. His role entails leading the transformation of the information technology functions and its related projects. O'Rane has a double major degree from the University of the West Indies in Telecommunications Electronics and Mathematics, along with several internationally recognized professional certifications.

He has approximately 20 years of experience in the IT field working with several companies in management positions such as Port Authority of Jamaica, J Wray and Nephew, Gruppo Campari and Caribbean Broilers Group. O'Rane is known to successfully lead and manage the changes required to ensure that organizations capitalize fully from their investment in information technology.



Oliver Hill CEO of 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. Prior to 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



CORPORATE SOCIAL RESPONSIBILITY | TROPICAL BATTERY ANNUAL REPORT 2022

CORPORATE SOCIAL RESPONSIBILITY | TROPICAL BATTERY ANNUAL REPORT 2022

Section

Corporate Social Responsibility



Environmental Responsibility

Ethical Responsibility

Philanthropic Responsibility

CORPORATE SOCIAL RESPONSIBILITY | TROPICAL BATTERY ANNUAL REPORT 2022

CORPORATE SOCIAL RESPONSIBILITY | TROPICAL BATTERY ANNUAL REPORT 2022

Environmental Responsibility

Tropical Battery Company continues its drive to ensure used batteries are disposed in an environmentally friendly manner. We ramped up our public campaign to encourage more customers to return used batteries to us. We reward customers for every used battery that is returned to our retail outlets. In 2022, we exported close to 900MT of spent batteries for recycling.

We initiated our separation of waste program in 2022. We engaged a local recycling company for the collection and recycling of our plastic bottles. Containers were purchased to store plastic bottles separately from our general waste. In addition to recycling plastic bottles, we disposed of waste paper totaling 6,316lbs. Tropical Battery donated old tyres to the neighboring community for a beautification project. They used the old tyres to plant trees. In being more environmentally conscious of our greenhouse gas emissions, we purchased another electric forklift for use in the warehouse. With the addition of this unit, we reduced the usage of the propane forklifts in our operations. We seek to replace most of our propane forklifts with electric units in the future.

> Give us your sed battery

> > Get your discount on a New battery

Ethical Responsibility

The Directors and Senior Managers of Tropical Battery took the initiative to increase the renumeration packages for all staff members in 2022. The increase rate was in line with the inflation rate at the time. Our leaders continue to ensure that all team members earn fair and competitive wages. Amendments were made to our internal Grievance Reporting Policy. We installed suggestion boxes at all our locations including the restrooms where team members can report issues/grievances anonymously. Our external Grievance Reporting Policy was also completed. This allows for our customers, stakeholders, community members, among others, access to report issues, query our policies or commend the team on services and products received.

Tropical Battery continues to invest in staff development and empowerment. In 2022, team members were introduced to several training workshops to include, proper lifting techniques, fire safety and fire prevention practices, training and appointment of Fire Wardens, Battery Charging Safety Guidelines and customer service delivery.

Philanthropic Responsibility

We also donated to causes related to the development of early childhood education. We have for many years, supported the Little Einsteins Learning Center in Seaview Gardens. In 2022, we donated book vouchers from Kingston Bookshop to the graduates in their moving ceremony. We also donated to the Trench Town Seventh Day Adventist church with their Back- to -School treat to children in the community. They received book vouchers and were well appreciative of the gesture.

GIVE&GET

GIVE us your used battery & GET a discount on your next purchase !!!



FINANCIAL STATEMENTS | TROPICAL BATTERY ANNUAL REPORT 2022

Section 7

Financial Statements



Tropical Battery Company Limited FINANCIAL STATEMENTS SEPTEMBER 30, 2022



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 financial statements of Tropical Battery Company Limited ("the company"), set out on pages 7 to 47, which comprise the statement of financial position as at September 30, 2022, 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 significant 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 company as at September 30, 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and 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 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.

Nigel R. Chambers Rochelle N. Stephensor



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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.

Carrying amount of trade receivables

Key audit matter

The company has a significant concentration of credit risk with lar credit customers with material balances both individually and in aggregate.

The company is required to recognise expected credit losses ('ECL') on trade receivables measured at amortised cost. The determination of ECL is highly subjective and requires manageme to make significant judgements an estimates and the application of forward-looking information.

The combination of estimates and judgements increases the risk that management's estimate could be materially misstated [see notes 3(r 5 and 25(a) of the financial statements].

.0								
	How the matter v audit	vas addressed in our						
rge	Our audit procedures in response to this matter, included:							
	 Testing manual recording of tra collections and invoices. 							
ent	 Reviewing the (ECL) model ca agreeing the da supporting record 	ta inputs to						
id	for the ECL me outlined in the a	accounting policy, to nat management uses						
t r),	economic parar	appropriateness of neters including the looking information.						
		adequacy of financial closure in respect of						



Page 3

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 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 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.



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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of TROPICAL BATTERY COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

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 5 to 6, 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.

Sandra Edwards.

KPMG

Chartered Accountants Kingston, Jamaica

December 15, 2022

Auditors' Responsibilities for the Audit of the Financial Statements

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



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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 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.



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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.

FINANCIAL STATEMENTS | TROPICAL BATTERY ANNUAL REPORT 2022

TROPICAL BATTERY COMPANY LIMITED

Statement of Financial Position September 30, 2022

CURRENT ASSETS 4 168,121,344 173,828,917 Accounts receivable 5 398,821,383 351,235,981 Due from related companies 6(a) 247,837,424 157,400,499 Due from parent company 6(b) 23,385,227 23,385,227 Inventories 7 795,126,010 608,593,378 Taxation recoverable 727,809 525,060 CURRENT LIABILITIES 1.634,019,197 1.314,969,062 Accounts payable 8 380,700,793 327,676,037 Due to related party 6(c) - 5,000,000 Short-term loan 9 - 100,000,000 Current portion of lease liabilities 12(b) 17,442,276 15,856,683 Current portion of long-term loan 40,000,000 - - NET CURRENT ASSETS 1.195,876,128 866436,342 NON-CURRENT ASSETS 1.195,876,128 866436,342 NON-CURRENT ASSETS 1.195,876,128 12(a) 132,897,745 152,649,254 Intangible assets 10 38,133,005		Notes	2022	2021
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$\begin{array}{c c c c c c c c c c c c c c c c c c c $				
Inventories 7 795,126,010 608,593,378 Taxation recoverable 1.634,019,197 1.314,969,062 CURRENT LIABILITIES 1.634,019,197 1.314,969,062 Accounts payable 8 380,700,793 327,676,037 Due to related party 6(c) - 5,000,000 Short-term loan 9 - 100,000,000 Current portion of long-term loan -40,000,000 - WET CURRENT ASSETS 1.195,876,128 -866,436,342 NON-CURRENT ASSETS 1.195,876,128 -866,436,342 NON-CURRENT ASSETS 1.195,876,128 -866,436,342 NON-CURRENT ASSETS 1.1 161,038,380 176,695,423 Right of use assets 13 68,619,000 54,407,000 Intargible assets 13 68,619,000 54,407,000 Interest in joint venture 6(d) _5,000,000 _5,000,000				
Taxation recoverable 727,809 525,060 CURRENT LIABILITIES 1.634,019,197 1.314,969,062 CURRENT LIABILITIES 8 380,700,793 327,676,037 Due to related party 6(c) - 5,000,000 Short-term loan 9 - 100,000,000 Current portion of lease liabilities 12(b) 17,442,276 15,856,683 Current portion of long-term loan - - 40,000,000 - Current portion of long-term loan - 40,000,000 - - NON-CURRENT ASSETS 1,195,876,128 &866,436,342 NON-CURRENT ASSETS 1 11 161,038,380 176,695,423 Right of use assets 10 38,133,005 38,133,005 38,133,005 Property, plant and equipment 11 161,038,380 176,695,423 Right of use assets 12(a) 132,897,745 152,649,254 Employee benefits asset 13 68,619,000 54,407,000 54,407,000 Intargible assets 13 68,619,000 54,407,000				
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		7		
CURRENT LIABILITIES 8 380,700,793 327,676,037 Due to related party 6(c) - 5,000,000 Short-term loan 9 - 100,000,000 Current portion of lease liabilities 12(b) 17,442,276 15,856,683 Current portion of long-term loan - - - MET CURRENT ASSETS 1,195,876,128 866,436,342 NON-CURRENT ASSETS 1 161,038,380 176,695,423 Intangible assets 10 38,133,005 38,133,005 Property, plant and equipment 11 161,038,380 176,695,423 Right of use assets 12(a) 132,897,745 152,649,254 Employee benefits asset 13 68,619,000 54,407,000 Interest in joint venture 6(d)	Taxation recoverable		727,809	525,060
CURRENT LIABILITIES 8 380,700,793 327,676,037 Due to related party 6(c) - 5,000,000 Short-term loan 9 - 100,000,000 Current portion of lease liabilities 12(b) 17,442,276 15,856,683 Current portion of long-term loan - - - MET CURRENT ASSETS 1,195,876,128 866,436,342 NON-CURRENT ASSETS 1 161,038,380 176,695,423 Intangible assets 10 38,133,005 38,133,005 Property, plant and equipment 11 161,038,380 176,695,423 Right of use assets 12(a) 132,897,745 152,649,254 Employee benefits asset 13 68,619,000 54,407,000 Interest in joint venture 6(d)			1,634,019,197	1.314.969.062
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	CURRENT LIABILITIES			
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Accounts payable	8	380,700,793	327,676,037
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		6(c)	-	
$\begin{array}{c} \mbox{Current portion of lease liabilities} \\ \mbox{Current portion of long-term loan} & 12(b) & 17,442,276 & 15,856,683 \\ \mbox{Current portion of long-term loan} & 40,000,000 & - \\ \mbox{438,143,069} & 448,532,720 \\ \mbox{A48,532,720} \\ \mbox{NET CURRENT ASSETS} & 1.195,876,128 & 866,436,342 \\ \mbox{NON-CURRENT ASSETS} & 10 & 38,133,005 & 38,133,005 \\ \mbox{Property, plant and equipment} & 11 & 161,038,380 & 176,695,423 \\ \mbox{Right of use assets} & 12(a) & 132,897,745 & 152,649,254 \\ \mbox{Employee benefits asset} & 13 & 68,619,000 & 54,407,000 \\ \mbox{Interest in joint venture} & 6(d) & 5.000,000 & 5,000,000 \\ \mbox{405,688,130} & 426,884,682 \\ \mbox{$$1,601,564,258} & 1,293,321,024 \\ \mbox{Represented by:} \\ \mbox{SHAREHOLDERS' EQUITY} \\ \mbox{Share capital contribution} & 16 & 459,207,861 & 459,207,861 \\ \mbox{Accumulated profit} & 391,927,213 & 209,989,941 \\ \mbox{I,007,810,374} & 825,873,102 \\ \mbox{NON-CURRENT LIABILITIES} \\ \mbox{Lease liabilities} & 12(b) & 128,124,434 & 145,566,710 \\ \mbox{Long-term loans} & 17 & 452,051,258 & 310,028,468 \\ \mbox{Deferred tax liability} & 14 & 13,578,192 & 11,852,744 \\ \mbox{593,753,884} & 467,447,922 \\ \end{tabular}$	Short-term loan	9	-	100,000,000
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Current portion of lease liabilities	12(b)	17,442,276	
NET CURRENT ASSETS 1,195,876,128 866,436,342 NON-CURRENT ASSETS 10 38,133,005 38,133,005 Property, plant and equipment 11 161,038,380 176,695,423 Right of use assets 12(a) 132,897,745 152,649,254 Employee benefits asset 13 68,619,000 54,407,000 Interest in joint venture 6(d) 5.000,000 5,000,000 405,688,130 426,884,682 \$1,601,564,258 1,293,321,024 Represented by: Share capital 15 156,675,300 156,675,300 Share capital contribution 16 459,207,861 459,207,861 Accumulated profit 391,927,213 209,989,941 NON-CURRENT LIABILITIES 1007,810,374 825,873,102 NON-CURRENT LIABILITIES 12(b) 128,124,434 145,566,710 Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744	Current portion of long-term loan		40,000,000	
NET CURRENT ASSETS 1,195,876,128 866,436,342 NON-CURRENT ASSETS 10 38,133,005 38,133,005 Property, plant and equipment 11 161,038,380 176,695,423 Right of use assets 12(a) 132,897,745 152,649,254 Employee benefits asset 13 68,619,000 54,407,000 Interest in joint venture 6(d) 5.000,000 5,000,000 405,688,130 426,884,682 \$1,601,564,258 1,293,321,024 Represented by: Share capital 15 156,675,300 156,675,300 Share capital contribution 16 459,207,861 459,207,861 Accumulated profit 391,927,213 209,989,941 NON-CURRENT LIABILITIES 1007,810,374 825,873,102 NON-CURRENT LIABILITIES 12(b) 128,124,434 145,566,710 Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744			438,143,069	448,532,720
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	NET CURRENT ASSETS			
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	NET CORRENT ASSETS		1,195,670,126	000,430,342
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	NON-CURRENT ASSETS			
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		10	38,133,005	38,133,005
Right of use assets12(a)132,897,745152,649,254Employee benefits asset13 $68,619,000$ $54,407,000$ Interest in joint venture $6(d)$ $5,000,000$ $5,000,000$ $405,688,130$ $426,884,682$ $\$1,601,564,258$ $1,293,321,024$ Represented by: $\$15$ $156,675,300$ SHAREHOLDERS' EQUITY 16 $459,207,861$ Accumulated profit $391,927,213$ $209,989,941$ I,007,810,374 $825,873,102$ NON-CURRENT LIABILITIES 17 $452,051,258$ Lease liabilities $12(b)$ $128,124,434$ $145,566,710$ Long-term loans 17 $452,051,258$ $310,028,468$ Deferred tax liability 14 $13,578,192$ $11,852,744$				
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$				
Interest in joint venture 6(d) 5,000,000 5,000,000 405,688,130 _426,884,682 \$1,601,564,258 1,293,321,024 Represented by: \$1,601,564,258 1,293,321,024 Share capital 15 156,675,300 156,675,300 Capital contribution 16 459,207,861 459,207,861 Accumulated profit 391,927,213 _209,989,941 NON-CURRENT LIABILITIES 1007,810,374 825,873,102 NON-CURRENT LIABILITIES 12(b) 128,124,434 145,566,710 Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744				
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		6(d)		
Represented by: SHAREHOLDERS' EQUITY Share capital 15 156,675,300 Capital contribution 16 459,207,861 Accumulated profit 391,927,213 209,989,941 NON-CURRENT LIABILITIES 12(b) 128,124,434 145,566,710 Lease liabilities 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744			405,688,130	426,884,682
SHAREHOLDERS' EQUITY 15 156,675,300 156,675,300 Capital contribution 16 459,207,861 459,207,861 Accumulated profit			\$ <u>1,601,564,258</u>	<u>1,293,321,024</u>
SHAREHOLDERS' EQUITY 15 156,675,300 156,675,300 Capital contribution 16 459,207,861 459,207,861 Accumulated profit	Represented by:			
Share capital 15 156,675,300 156,675,300 Capital contribution 16 459,207,861 459,207,861 Accumulated profit				
Capital contribution 16 459,207,861 459,207,861 Accumulated profit 391,927,213 209,989,941 1,007,810,374 825,873,102 NON-CURRENT LIABILITIES 12(b) 128,124,434 145,566,710 Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744		15	156,675,300	156,675,300
Accumulated profit 391,927,213 209,989,941 1,007,810,374 825,873,102 NON-CURRENT LIABILITIES Lease liabilities 12(b) 128,124,434 145,566,710 Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14		16		
NON-CURRENT LIABILITIES 12(b) 128,124,434 145,566,710 Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744				
NON-CURRENT LIABILITIES 12(b) 128,124,434 145,566,710 Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744	-		1.007.810.374	825.873.102
Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744	NON-CURRENT LIABILITIES			
Long-term loans 17 452,051,258 310,028,468 Deferred tax liability 14 13,578,192 11,852,744	Lease liabilities	12(b)	128,124,434	145,566,710
<u>593,753,884</u> <u>467,447,922</u>	Long-term loans	17		310,028,468
	Deferred tax liability	14	13,578,192	11,852,744
\$ <u>1,601,564,258</u> <u>1,293,321,024</u>			593,753,884	467,447,922
			\$ <u>1,601,564,258</u>	<u>1,293,321,024</u>

The financial statements, on pages 7 to 47, were approved for issue by the Board of Directors on December 15, 2022 and signed on its behalf by:

Marc Melville

Director A.F Alexander Melville

De Director e

TROPICAL BATTERY COMPANY LIMITED

Statement of Profit or Loss and Other Comprehensive Income Year ended September 30, 2022

Gross operating revenue Cost of operating revenue
Gross profit Administration, marketing and selling
expenses Impairment loss on trade receivables
Operating profit Other operating income
Profit before depreciation, net finance costs and taxation Depreciation
-
Profit before net finance costs and taxation
Finance costs Finance income
Net finance costs
Profit before taxation Taxation
Profit for the year
Other comprehensive income
Items that will not be reclassified to profit or loss Re-measurement gain on employee benefit assets Related taxation on re-measurement
Other comprehensive income, net of tax
Total comprehensive income for the year
Earnings per stock unit

Notes	<u>2022</u>	<u>2021</u>
18 19(a)	2,625,322,327 (<u>1,849,274,283</u>)	1,997,076,917 (<u>1,377,640,850</u>)
	776,048,044	619,436,067
19(b) 25(a)	(511,900,970)	$(\begin{array}{c} 443,993,739)\\ (\underline{6,282,026})\end{array}$
	(511,900,970)	(450,275,765)
19(c)	264,147,074 12,832,950	169,160,302 23,578,641
19(d) 11,12	276,980,024 (<u>53,706,335</u>)	192,738,943 (<u>52,123,793</u>)
	223,273,689	140,615,150
	(71,362,810) <u>45,564,798</u>	(62,977,503) <u>9,887,259</u>
20	(<u>25,798,012</u>)	(<u>53,090,244</u>)
21	197,475,677 (<u>462,155</u>)	87,524,906 808,044
	197,013,522	88,332,950

13(f) 14(b)	$ \begin{array}{r} 14,565,000 \\ (\underline{3,641,250}) \end{array} $	20,659,000 <u>5,164,750</u>)
	10,923,750	15,494,250
	\$ <u>207,937,272</u>	103,827,200
22	<u>15.2¢</u>	<u>6.8¢</u>

TROPICAL BATTERY COMPANY LIMITED

Statement of Changes in Shareholders' Equity Year ended September 30, 2022

	Share <u>capital</u> (note 15)	Capital <u>contribution</u> (note 16)	Accumulated profit	<u>Total</u>
Balances as at September 30, 2020 Other comprehensive income: Re-measurement income on employee	156,675,300	459,207,861	119,162,741	735,045,902
benefit asset, net of taxation	-	-	15,494,250	15,494,250
Profit for the year			88,332,950	88,332,950
Total comprehensive income			103,827,200	103,827,200
Transactions with owners of the company: Dividends (note 23)	<u> </u>		(<u>13,000,000</u>)	(<u>13,000,000</u>)
Total comprehensive income			90,827,200	90,827,200
Balances as at September 30, 2021	156,675,300	459,207,861	209,989,941	825,873,102
Other comprehensive income: Re-measurement income on employee				
benefit asset, net of taxation	-	-	10,923,750	10,923,750
Profit for the year			<u>197,013,522</u>	197,013,522
Total comprehensive income			207,937,272	207,937,272
Transaction with owners of the company: Dividends (note 23)	-	-	(26,000,000)	(26,000,000)
Total comprehensive income	-		181,937,272	181,937,272
Balances as at September 30, 2022	\$ <u>156,675,300</u>	459,207,861	<u>391,927,213</u>	<u>1,007,810,374</u>

TROPICAL BATTERY COMPANY LIMITED

Statement of Cash Flows Year ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES Profit for the year

Adjustment to reconcile net profit for the year to net cash used by operating activities: Employee benefits Depreciation Taxation expense Interest on loans Interest on lease liabilities Amortisation of debt issuance costs Interest income Unrealised foreign exchange gains Gain on disposal of investments Gain on disposal of property plant and equipment Changes in working capital:

Changes in working capital: Accounts receivable Due from related companies Due to related parties Inventories Accounts payable

Cash generated by operations Interest received Interest paid Taxation paid

Net cash used in operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Investment encashed Proceeds from sale of investments Proceeds from the sale of property, plant and equipment

Investment in joint venture

Purchase of property, plant and equipment

Net cash used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from long-term loan Repayment of long-term loan Repayment of short-term loan Payment of dividends Payment of lease liabilities

Net cash provided by/(used in) financing activiti

Net decrease in cash and cash equivalents Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Notes	<u>2022</u>	<u>2021</u>	
	197,013,522	88,332,950	
11,12 21 20 20 20 19(c)	353,000 53,706,335 462,155 42,395,533 11,547,593 2,022,790 (3,991,142) (11,525,177)	$\begin{array}{c} 1,769,000\\ 52,123,793\\ (&808,044)\\ 35,158,227\\ 12,701,106\\ 2,022,790\\ (&3,634,501)\\ (6,943,306)\\ (&13,208,345)\end{array}$	
19(c)	(<u>4,500,000</u>) 287,484,609	(<u>1,519,087</u>) 165,994,583	
	$(\begin{array}{c} 46,306,083)\\(\begin{array}{c} 90,436,925)\\(\begin{array}{c} 5,000,000)\\(188,312,967)\\\underline{-61,636,040}\end{array}$	(51,323,427) (3,351,285) 5,000,000 (308,983,997) <u>219,519,171</u>	
	19,064,674 3,991,142 (39,692,372) (2,580,706) (19,217,262)	26,855,045 3,634,501 (35,158,227) (<u>6,456,405</u>) (<u>11,125,086</u>)	
	2	(50,000,000) 63,208,345	
6(d) 11	4,500,000 (<u>18,297,783</u>) (<u>13,797,783</u>)	3,800,000 (5,000,000) (49,440,572) (37,432,227)	
17 17 9 23 12(d)	200,000,000 (20,000,000) (100,000,000) (25,264,557) (27,427,971)	(13,000,000) (<u>27,116,337</u>)	
ies	<u>27,307,472</u> (5,707,573) <u>173,828,917</u> \$ <u>168,121,344</u>	(<u>40,116,337</u>) (<u>88,673,650</u>) <u>262,502,567</u> <u>173,828,917</u>	

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

Corporate structure and principal activities 1.

The company is incorporated and domiciled in Jamaica and its registered office is situated at 30 Automotive Parkway, Kingston 20, Jamaica.

Pursuant to a deed of amalgamation between various companies in the group the company is a wholly-owned subsidiary of Dai Diverze (Jamaica) Limited, (parent company), a company incorporated in Jamaica, which in turn is a wholly owned subsidiary of Diverze Assets Inc., (ultimate parent company) a company incorporated in St. Lucia.

The company stock units listed on the Junior Market of the Jamaica Stock Exchange (JSE) on September 29, 2021. As a result of the issuance of share in the initial public offering, the company is a 75% subsidiary of Dai Diverze (Jamaica) Limited.

The principal activities of the company are the sale and distribution of auto batteries and motor vehicle accessories.

Statement of compliance, basis of preparation 2.

(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 revised and amended standards that became effective during the year:

Certain new and amended standards become effective during the year. The adoption of these standards did not have any impact on the company's financial statements.

New and amended standards issued and interpretations that are not yet 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 company has not yet adopted:

• Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets are effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling a contract.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- Statement of compliance, basis of preparation (continued) 2.
 - (a) Statement of compliance (continued):

(continued):

- *(continued)*
- industries and include the following guidance.

In the process of making an item of property, plant and equipment (PPE) available for its intended use, a company may produce and sell items - e.g. minerals extracted in the process of constructing an underground mine or oil and gas from testing wells before starting production. It provides guidance on the accounting for such sale proceeds and the related production costs.

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between, costs associated with producing and selling items before the item of PPE is available for use, and costs associated with making the item of PPE available for its intended use. Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry may need to monitor costs at a more granular level.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognised in profit or loss, and specify the line items in which such proceeds and costs are included in the statement of comprehensive income.

This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

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

• Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets

The amendments clarify that the 'costs' of fulfilling a contract comprise both the incremental costs - e.g. direct labour and materials; and an allocation of other direct costs - e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

• Amendments to IAS 16 Property, Plant and Equipment, effective for annual periods beginning on or after January 1, 2022, will mainly affect extractive and petrochemical

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

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

Statement of compliance (continued): (a)

> New and amended standards issued and interpretations that are not yet effective (continued):

> • Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. 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.

Amendments to IAS 12 Income Taxes are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how entities should account for deferred tax on certain transactions -e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- 2. Statement of compliance, basis of preparation (continued)
 - Statement of compliance (continued): (a)

New and amended standards issued and interpretations that are not yet effective (continued):

amendments help entities provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- significant accounting policies;

The amendments are consistent with the refined definition of material:

"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".

are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- when applying IFRS 9 Financial Instruments; and
- Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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• Amendments to IAS 1 Presentation of Financial Statements are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The

- requiring entities to disclose their *material* accounting policies rather than their

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that

selecting a measurement technique (estimation or valuation technique) - e.g. an estimation technique used to measure a loss allowance for expected credit losses

choosing the inputs to be used when applying the chosen measurement technique - e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

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

Statement of compliance (continued): (a)

New and amended standards issued and interpretations that are not yet effective (continued):

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, IAS 41 Agriculture, and are effective for annual periods beginning on or after January 1, 2022.
 - (i) IFRS 9 Financial Instruments amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - (ii) IFRS 16 Leases amendment removes the illustration of payments from the lessor relating to leasehold improvements.

The company is assessing the impact that these new and amended standards and interpretations will have on its financial statements when they become effective.

Basis of preparation: (b)

> The financial statements are presented in Jamaica dollars (\$), which is the currency in which the company conducts the majority of its operations.

> The financial statements are prepared under the historical cost convention. The significant accounting policies stated in paragraph (c) and note 3 below conform in all material respects with IFRS.

Use of estimates and judgements: (c)

> 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. The estimates and underlying assumptions 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- Statement of compliance, basis of preparation (continued) 2.
 - Use of estimates and judgements (continued): (c)

The critical judgements made in applying accounting policies and the key areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements, and or that have a significant risk of material adjustment in the next financial period, are as follows:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

Classification of financial assets: (1)

> The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2)Impairment of financial assets:

> Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

Allowance for impairment losses:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information.

Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss. The use of assumptions make uncertainty inherent in such estimates [see notes 5 and 25(a)].

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

Statement of compliance, basis of preparation and significant accounting policies (continued) 2.

- Use of estimates and judgements (continued): (c)
 - (iii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held (see note 7).

(iv) 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 company'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 13).

- Significant accounting policies 3.
 - Cash and cash equivalents: (a)

Cash and cash equivalents comprise cash and bank balances including short-term deposits with maturities ranging between one and three months from the reporting date.

Accounts receivable: (b)

> Trade and other receivables are measured at amortised cost less impairment losses [see note 3(r)].

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- Significant accounting policies (continued) 3.
 - (c) Related parties:

statements (referred to in IAS 24 Related Party Disclosures as the "reporting entity").

- that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - parent of the reporting entity.
- - others).

 - (iii) Both entities are joint ventures of the same third party.
 - of the third entity.
 - (\mathbf{v}) also related to the reporting entity.

 - a parent of the entity).

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.

A related party is a person or entity that is related to the entity which is preparing its financial

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

(iii) is a member of the key management personnel of the reporting entity or of a

(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

(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).

(iv) One entity is a joint venture of a third entity and the other entity is an associate

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

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) 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

(viii) 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

Significant accounting policies (continued) 3.

- (c) Related parties (continued):
 - An entity is related to the reporting entity if any of the following conditions apply: (continued)

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.

Inventories: (d)

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

Accounts payable: (e)

Trade and other payables are measured at amortised cost.

Provisions: (f)

> A provision is recognised in the statement of financial position when the 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.

- Property, plant and equipment: (g)
 - Owned assets: (i)

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 company 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- Significant accounting policies (continued) 3.
 - (h) Property, plant and equipment (continued):
 - (ii) Subsequent expenditure

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

(iii) Depreciation:

expected useful lives.

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

reporting date.

- (i) Leases:
 - As a lessee i.

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 company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The company 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.

following:

- _
- the index or rate as at the commencementdate;

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

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

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

fixed payments, including in-substance fixed payments;

variable lease payments that depend on an index or a rate, initially measured using

amounts expected to be payable under a residual value guarantee; and

the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain to terminate early.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

3. Significant accounting policies (continued)

- (i) Leases (continued):
 - i. As a lessee (continued)

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 company's estimate of the amount expected to be payable under a residual value guarantee, if the company 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 and leases of low-value assets

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

Intangible assets: (i)

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.

Taxation: (i)

> 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 company 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- 3. Significant accounting policies (continued)
 - Taxation (continued): (j)

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.

(k) Revenue recognition:

Performance obligations and revenue recognition policies:

policies are as follows:

Type of Nature and timing of performance obligations service significant payment term Revenue Revenue is recognised w from the sale provided to the customer

of batteries, terms specified in the co are generated and the rev oils, lubricants, recognised at that point tyres and Invoices are usually payable within 5 other accessories days.

in a contract with a customer. The company recognises revenue when it transfers control over goods to a customer.

(1) 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.

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

satisfaction of , including	Revenue recognition under IFRS 15.
18.	
when goods are rs based on the ntract. Invoices venue is in time.	Revenue is recognised when the goods are provided and have been accepted by the customers.

Revenue from contracts with customers is measured based on the consideration specified

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

Significant accounting policies (continued) 3.

- Employee benefits: (m)
 - Pension assets: (i)

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 company's post-employment benefit assets and obligations as computed by the actuary.

Defined benefit pension scheme: (ii)

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

> The company'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 company.

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

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

> 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- Significant accounting policies (continued) 3.
 - Employee benefits (continued):
 - (iii) Other employee benefits:

rendered by employees up to the reporting date.

Dividends and distributions: (0)

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

Net finance costs: (p)

> 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.

yield on the asset.

- Borrowings: (q)
 - (i) Debt issuance costs:

loans.

Interest-bearing borrowings: (ii)

effective interest method.

Impairment: (r)

Financial assets

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

at an amount equal to lifetime ECLs.

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

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

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

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

The company measures loss allowances for trade and other receivables and contract assets

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- Significant accounting policies (continued) 3.
 - Impairment (continued): (r)

Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company 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 company's historical experience and informed credit assessment and also includes forward looking information.

The company 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 company in full, without recourse by the company to action such as realising security if any is held; or
- the financial asset is more than 360 days past due.

The company 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 company is exposed to credit risk.

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 company expects to receive).

Credit-impaired financial assets

At each reporting date, the company 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- Significant accounting policies (continued) 3.
 - Impairment (continued): (r)

Financial assets (continued)

Presentation of allowance for ECL in the statement of financial position

carrying amount of the assets.

Write-off

thereof.

This is generally the case when the company 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 company's procedures for recovery of amounts due.

A provision for impairment is established if there is objective evidence that the company 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.

Non-financial assets

The carrying amount of the company'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 cashgenerating 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.

Loss allowances for financial assets measured at amortised cost are deducted from the gross

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- Significant accounting policies (continued) 3.
 - Impairment (continued): (r)

Financial assets (continued)

Non-financial assets (continued)

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.

Financial instruments: (s)

> 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 and loans.

Recognition and initial measurement (i)

> Accounts receivable are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company 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.

Classification and subsequent measurement (ii)

> 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 company initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

Significant accounting policies (continued) 3.

- Financial instruments (continued): (s)
 - (ii) Classification and subsequent measurement (continued)

Subsequent measurement

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

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 company 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 company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

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.

28

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

3. Significant accounting policies (continued)

- (s) Financial instruments (continued):
 - (ii) Classification and subsequent measurement (continued)

Derecognition

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.

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 company's financial instruments lack an available trading market. Further, the company has no financial instruments that are carried at fair value. The carrying value of the company's financial instruments approximates their fair value.

(u) Segment reporting:

A segment is a distinguishable component of the company 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.

The company's activities are limited to the distribution of batteries, tyres and accessories to consumers in Jamaica, operating in a single segment. As such no additional segment information is provided.

2022

2021

4. Cash and cash equivalents

	2022	2021
Cash and bank balances	116,721,592	123,659,995
Short-term Investments	51,399,752	50,168,922
	\$ <u>168,121,344</u>	<u>173,828,917</u>

Short-term investments earn interest at 1.5% to 2% (2021: 1.5% to 2%) per annum.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

5. <u>Accounts receivable</u>

Trade receivables Others (see below)

Less: Allowance for impairment loss

Others detailed as follows:

General consumption tax Staff loans* Advance to suppliers Prepayments Others

Trade receivables includes due from a related party amounting to \$8,264,819 (2020: \$8,401,654).

*These loans attract interest at rates ranging from 2.5% to 7% and are repayable over a period ranging from one to ten years from the date of disbursement. The difference between the fair value of the loans and their carrying value is not material to the financial statements.

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

- 6. <u>Related party balances</u>
 - (a) Due from related companies
 Chukka Caribbean Adventure Limited
 Diverze Properties Limited- fellow subside
 Reside Realty Limited
 Enrvate Limited
 - (b) Due from parent company Dai Diverze (Jamaica) Limited- parent com
 - (c) Due to a related party Enrvate Limited- joint venture

266,855,997 <u>154,839,105</u>	251,129,516 <u>122,980,184</u>
421,695,102 (<u>22,873,719</u>)	374,109,700 (<u>22,873,719</u>)
\$ <u>398,821,383</u>	<u>351,235,981</u>
2022	2021
68,802,262	62,283,261
27,755,464	33,550,016
26,908,364	-
10,726,630	7,529,629
20,646,385	19,617,278

2022

\$154,839,105

	6,139,968	3,464,121
liary	229,705,285	153,936,378
	6,567,171	-
	5,425,000	
	\$ <u>247,837,424</u>	<u>157,400,499</u>
ompany	\$ <u>23,385,227</u>	_23,385,227
	\$ <u> </u>	()

2022

2021

122,980,184

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

6. <u>Related party balances (continued)</u>

The above balances are unsecured, interest-free and repayable on demand.

(d) Interest in joint venture Enrvate Limited

<u>\$_5,000,000</u> <u>5,000,000</u>

In the prior year, the Company entered into 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 J\$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.

Transactions with related parties are disclosed in note 19(d).

7.	Inventories		
		<u>2022</u>	<u>2021</u>
	Tyres	29,627,545	16,382,224
	Batteries	320,674,339	229,135,713
	Oils	72,608,860	35,021,502
	Spent batteries	6,569,450	2,274,170
	Accessories	99,157,044	86,165,712
	Inventories-in-transit	269,874,623	242,884,284
		798,511,861	611,863,605
	Provision for obsolescence	(<u>3,385,851</u>)	(<u>3,270,227</u>)
		\$ <u>795,126,010</u>	<u>608,593,378</u>

Inventories written off during the year amounted to \$13,061,104 (2021: \$4,765,922) and were recognised in profit or loss.

8. <u>Accounts payable</u>

	<u>2022</u>	<u>2021</u>
Trade payables	306,114,200	264,711,083
Dividends payable	735,443	-
Other payables	73,851,150	62,964,954
	\$ <u>380,700,793</u>	327,676,037

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

9. <u>Short-term loan</u>

This represents an unsecured short-term loan facility from National Commercial Bank Jamaica Limited in the amount of \$100 million. The facility attracted interest at the rate of 7.5% per annum. The loan was fully repaid during the year.

10. Intangible assets

Brands

These 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, where it is reviewed for impairment on an annual basis to validate its indefinite life status.

11. Property, plant and equipment

	Computers	Leasehold improvements	Plant and machinery	Furniture, fixtures and <u>equipment</u>	Motor vehicles	Total
Cost: September 30, 2020	60,841,574	76,784,973	8,343,610	121,002,644	84,308,211	351,281,012
Additions Disposal	8,295,722	-	-	38,057,459	3,087,391 (<u>7,000,000</u>)	49,440,572 (<u>7,000,000</u>)
September 30, 2021 Additions Disposal	69,137,296 5,434,263	76,784,973 115,000	8,343,610	159,060,103 12,043,020	80,395,602 705,500 (<u>9,088,837</u>)	393,721,584 18,297,783 (<u>9,088,837</u>)
September 30, 2022	74,571,559	76,899,973	8,343,610	171,103,123	72,012,265	402,930,530
Depreciation:						
September 30, 2019 Charge for the year Eliminated on disposal	36,158,728 7,226,249	4,203,365 6,905,563	8,343,610	78,860,632 8,652,538	61,806,589 9,587,974 (<u>4,719,087</u>)	189,372,924 32,372,324 (<u>4,719,087</u>)
September 30, 2021 Charge for the year Eliminated on disposal	43,384,977 8,248,743	11,108,928 6,691,064	8,343,610	87,513,170 11,138,020	66,675,476 7,876,999 (<u>9,088,837</u>)	217,026,161 33,954,826 (
September 30, 2022	51,633,720	17,799,992	<u>8,343,610</u>	98,651,190	<u>65,463,638</u>	241,892,150
Net book values:						
September 30, 2022	\$ <u>22,937,839</u>	<u>59,099,981</u>		72,451,933	6,548,627	<u>161,038,380</u>
September 30, 2021	\$25,752,319	65,676,045	-	71,546,933	13,720,126	176,695,423

Certain property, plant and equipment are held as security for a private placement of a \$300 million bond [see note 17(b)].

2022

D

2021

\$<u>38,133,005</u> <u>38,133,005</u>

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TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

12. Leases

As a lessee

The company leases property and equipment. The leases typically run for 1 to 10 years. Previously, these leases were classified as operating leases under IAS 17. The company has elected not to recognise right-of-use assets and lease liabilities for leases that are short- term and/or leases of low-value items. Certain leased properties are held with related parties.

(a)	Right-of-use assets
-----	---------------------

	Leasehold land and buildings		
	<u>2022</u>	2021	
Balance at October 1 Depreciation charge for the year	152,649,254 (<u>19,751,509</u>)	172,400,723 (<u>19,751,469</u>)	
Balance at September 30	\$ <u>132,897,745</u>	<u>152,649,254</u>	

Information about leases for which the company is a lessee is presented below.

(1)	T 11 1 11 1
(b)	Lease liabilities
(0)	Lease naonnies

Maturity analysis – contractual undiscounted cash flows:

	Waturity analysis contractual undiscounted cas		• • • •	
		2022	<u>2021</u>	
		\$	\$	
	Up to one year	26,771,664	27,427,971	
	One to five years	123,415,069	128,977,492	
	More than five years	35,897,436	60,002,197	
		186,084,169	216,407,660	
	Less: future interest	(<u>40,517,459</u>)	(<u>54,984,267</u>)	
	Less. Tuture interest	(-40,517,457)	()	
	Total discounted lease liabilities at year end	145,566,710	161,423,393	
	Less: current portion	(<u>17,442,276</u>)	(<u>15,856,683</u>)	
	Non-current	\$ <u>128,124,434</u>	<u>145,566,710</u>	
(c)	Amounts recognised in profit or loss			
		<u>2022</u>	<u>2021</u>	
		\$	\$	
	Interest on lease liabilities	11,547,593	12,701,106	
	Depreciation on right-of-use assets	19,751,509	19,751,469	
	Short-term lease rentals	7,233,594	7,068,130	
(d)	Amounts recognised in the statement of cash flo	WS		
	6	2022	2021	
		\$	\$	
	Total cash outflow for leases	27,427,971	27,116,337	

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

13. Employee benefits

(a)	Employee benefits assets:	<u>2022</u>	<u>2021</u>
	Present value of funded obligations Fair value of plan assets	(200,085,000) <u>268,704,000</u>	(190,540,000) <u>244,947,000</u>
	Recognised pension asset	\$ <u>68,619,000</u>	_54,407,000
(b)	Movement in the amounts recognised in the	ne statement of financial po	osition:
		<u>2022</u>	<u>2021</u>
	Balance at beginning of year Net expense in profit or loss	54,407,000	35,517,000
	and other comprehensive income Contribution paid	8,249,000 5,963,000	13,484,000 5,406,000
	Balance at end of year	\$ <u>68,619,000</u>	54,407,000
(c)	Movements in funded obligations:		
		<u>2022</u>	<u>2021</u>
	Balance at beginning of year Benefits paid Interest cost Current service cost Re-measurement actuarial losses Balance at end of year	$(190,540,000) \\ 13,337,000 \\ (17,149,000) \\ (15,322,000) \\ \underline{9,589,000} \\ \$(\underline{200,085,000})$	$(179,160,000) \\7,646,000 \\(16,124,000) \\(14,834,000) \\\underline{11,932,000} \\(\underline{190,540,000})$
(d)	Movement in plan assets:		

	2022	2021
Fair value of plan assets at		
beginning of year	244,947,000	214,677,000
Contributions paid	16,188,000	14,745,000
Expected return on plan assets	21,905,000	19,417,000
Benefits paid	(19,312,000)	(12,619,000)
Re-measurement of actuarial gains	4,976,000	8,727,000
Fair value of plan assets at		
end of year	\$ <u>268,704,000</u>	244,947,000
Plan assets consist of the following:		
Fixed-income securities and other investments	257,260,000	214,176,000
Net current assets	11,444,000	30,771,000
	\$ <u>268,704,000</u>	244,947,000

2022	

<u>2022</u>

<u>2021</u>

5	35		FINANCIAL STATEMENTS TROPICA	L BATTERY ANNUAL REPORT 2022	FINA	ICIAL STATEMENTS TROPICAL BATTERY ANNUAL REPORT 202	2
Not		ATTERY COMPANY LIMITED inancial Statements (Continued) 2021		35	Note	PICAL BATTERY COMPANY LIMI s to the Financial Statements (Continue ember 30, 2022	
13.	Employe	ee benefits (continued)			14.	Deferred taxation	
	(e)	Expense recognised in profit or loss, net:	2022	2021		(a) Deferred tax (liability)/asset is a	attributable to t
		Interest on obligations and current service cost Total expense is recognised in administration, ma loss.	\$ <u>6,316,000</u> arketing and selling expe	<u>7,175,000</u> enses in profit or		Property, plant and equipment Right-of-use assets Employee benefits Lease liabilities	
	(f)	Items in other comprehensive income:					
			<u>2022</u>	<u>2021</u>		(b) Movement in temporary differe	nces during the
		Re-measurement gains on obligations Re-measurement gains on plan assets	9,589,000 4,976,000	11,932,000 <u>8,727,000</u>			October 1, 2021
	(g)	Principal actuarial assumptions at the reporting d	\$ <u>14,565,000</u> ate (expressed as weight	<u>20,659,000</u> ed averages):		Property, plant and equipment Right-of-use assets Employee benefits	(444,529 (38,162,314 (13,601,750
			2022	<u>2021</u>		Lease liabilities	<u>40,355,849</u> \$(<u>11,852,744</u>
		Discount rate Long-term rate of inflation	11.5% 5.0%	9.0% 6.0%			*(<u>11,002,71</u>

7.0%

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.

9.5%

(h) Sensitivity analysis of key economic assumptions:

Future salary increases

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes 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.

_	2022		2021	
	1%	1%	1%	1%
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	\$'000	\$'000	\$'000	\$'000
Discount rate	21,297	(26,444)	19,740	(24,303)
Future salary increases	(<u>12,157</u>)	<u>11,051</u>	(<u>10,823</u>)	<u>9,415</u>

(i) At September 30, 2022, the weighted average duration of the defined benefit obligation was 15.1 years (2021: 15.6 years).

15. Share capital

Property, plant and equipment

Right-of-use assets

Employee benefits

Lease liabilities

 Authorised issued and fully paid:
 \$156,675,300

 1,300,000,000 ordinary shares of no par value,
 \$156,675,300

 net of transaction cost \$6,259,700
 \$156,675,300

On September 29, 2020, the company increased its issued shares by 162,500,000 and made available to the public 325,000,000 shares. The shares were listed on the Junior Stock Market of the Jamaica Stock Exchange on September 29, 2020.

16. Capital contribution

This represents capital injection by the ultimate parent company.

to the following:

202	21
-	

409,316	(444,529)
(33,224,436)	(38,162,314)
(17,154,750)	(13,601,750)
<u>36,391,678</u>	40,355,849
\$(<u>13,578,192</u>)	(<u>11,852,744</u>)

2022

the year are as follows:

October 1, 2021	Recognised in equity	Recognised <u>in income</u> [note 21(a)]	September 30, 2022
(444,529) (38,162,314) (13,601,750) 40,355,849 \$(11,852,744)	(3,641,250) (<u>3,641,250</u>)	853,845 4,937,878 88,250 (<u>3,964,171</u>) <u>1,915,802</u>	409,316 (33,224,436) (17,154,750) <u>36,391,678</u> (<u>13,578,192</u>)
October 1, 2020	Recognised <u>in equity</u>	Recognised <u>in income</u> [note 21(a)]	September 30, <u>2021</u>
523,737 (43,100,181) (8,879,250) <u>43,959,656</u> \$(<u>7,496,038</u>)	- (5,164,750) 	(968,266) 4,937,867 442,250 (<u>3,603,807</u>) <u>808,044</u>	(444,529) (38,162,314) (13,601,750) 40,355,849 (11,852,744)
		<u>2022</u>	<u>2021</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

17.	Long	g-term loans		
			<u>2022</u>	<u>2021</u>
	(a)	Related party loan	15,254,009	15,254,009
	(b)	Bonds	296,797,249	294,774,459
	(c)	Bank loan	180,000,000	
			492,051,258	310,028,468
		Less: Current portion	40,000,000	
		Non-current	\$ <u>452,051,258</u>	310,028,468

- (a) This represents an unsecured loan from the ultimate parent company. This loan is interest-free and has no specified repayment date, however it will not be called within 1 year of the reporting date.
- (b) In April 2019, the company authorised the private placement of secured J\$ notes for an aggregate principal amount of up to \$300 million. These bonds attract interest at the rate of 7.5% per annum and mature in April 2024. The bonds are secured against debentures issued in favour of the Trustee, by way of a first fixed charge over certain assets of the company. The amount due is stated net of debt issuance costs of \$3,202,751 (2021: \$5,225,541).
- (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.

18. Gross operating revenue

Gross operating revenue represents the invoiced value of sales after deduction of returns 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.

19. Expenses by nature and related party transactions

(a) Cost of operating revenue

	<u>2022</u>	<u>2021</u>
Tyres	12,212,910	17,994,292
Batteries	1,493,752,559	1,099,185,779
Spent batteries	75,601,579	61,664,627
Oils	170,122,240	125,887,158
Accessories	84,521,345	68,096,059
Inventory obsolescence	13,063,650	4,812,935
	\$ <u>1,849,274,283</u>	<u>1,377,640,850</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

- 19. Expenses by nature and related party transactions (continued)
 - (b) Administration, marketing and selling exper

Salaries, wages and related costs Staff and canteen expenses

Other administration, marketing and selling Accommodation Advertising Audit fees Computer services Director's remuneration Electricity Gas and oil Insurance Miscellaneous expenses Motor vehicle expenses Postage and telephone Printing and stationery Professional fees Rent, rates and taxes Repairs and maintenance Safety supplies Sales promotion Security Subscription and donations Travel and entertainment

Gain on disposal of property, plant and equi Gain on disposal of investments Unrealised gain on investments Bad debts recovered Miscellaneous 88

	<u>2022</u>	<u>2021</u>
enses:		
	307,980,696	259,176,381
	9,521,397	10,574,505
	\$ <u>317,502,093</u>	269,750,886
g expenses:		
s expenses.	953,822	971,762
	14,336,136	9,888,659
	9,000,000	7,800,000
	9,448,766	4,794,509
	16,110,344	14,234,583
	12,842,285	10,990,151
	18,996,142	16,158,643
	9,018,104	13,454,305
	8,763,115	6,673,249
	5,536,332	2,831,650
	10,339,929	13,266,131
	7,410,091	8,460,133
	10,723,219	11,851,311
	7,233,594	7,068,130
	18,839,551	19,564,829
	281,234	422,414
	3,881,854	3,717,980
	11,605,689	10,500,789
	4,696,612	3,323,145
	14,382,058	8,270,480
	194,398,877	174,242,853
	\$ <u>511,900,970</u>	443,993,739
	<u>2022</u>	<u>2021</u>
ipment	4,500,000	1,519,087
-1	-	13,208,345
	1,053,214	-
	86,151	-
	7,193,585	8,851,209
	\$ <u>12,832,950</u>	<u>23,578,641</u>

⁽c) Other operating income

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

19. Expenses by nature and related party transactions (continued)

(d) Profit before depreciation, net finance costs and taxation is stated after charging/(crediting):

		<u>2022</u>	<u>2021</u>
		\$	\$
	Directors' emoluments -as management	16,110,344	14,234,583
	Director's fees	600,000	800,000
	Compensation for key management:		
	Short-term benefits	21,772,201	26,084,172
	Transactions with related parties:		
	Rental expense	24,000,000	24,000,000
	Interest on lease liabilities	10,818,212	11,789,815
	Professional fees earned	(<u>4,952,083</u>)	(<u>5,075,000</u>)
20.	Net finance costs		
		<u>2022</u>	<u>2021</u>
	Finance costs:		

Finance costs:		
Loan interest	42,395,533	35,158,227
Lease interest	11,547,593	12,701,106
Bank charges	17,419,684	15,059,705
Loss on foreign exchange		58,465
	71,362,810	<u>62,977,503</u>
Finance income:		
Interest income	(3,991,142)	(3,634,501)
Gain on foreign exchange	(41,573,656)	(<u>6,252,758</u>)
	(45,564,798)	(<u>9,887,259</u>)
	\$ <u>25,798,012</u>	<u>53,090,244</u>

21. Taxation

Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, (a) and is made up as follows:

	2022	<u>2021</u>
Current tax:		
Income tax at 25%	53,901,806	16,371,439
Less: Remission of income tax	(53,901,806)	(17,987,527)
Adjustment in respect of prior years	2,377,957	
	2,377,957	(<u>1,616,088</u>)
Deferred taxation [note 14(b)]:		
Origination and reversal of other temporary differences	(<u>1,915,802</u>)	808,044
	\$ <u>462,155</u>	(<u>808,044</u>)

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

21. Taxation (continued)

Reconciliation of actual tax charge and effective (b)

Profit before taxation

Computed "expected" tax expense @ 25% Difference between profit for financial statements and tax reporting purposes on: Depreciation charge and capital allowand Disallowable expenses Tax losses recognised

Tax recognised in profit or loss Less: Remission of income tax Adjustment in respect of prior years

Remission of income tax (c)

> 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 (JMJSE) if certain conditions were achieved after the date of initial admission.

> Effective September 29, 2020, the company's shares were listed on the JMJSE. 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, 2020 – 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.

Earnings per stock unit 22.

> Profit for the year attributable to the shareholders of the company

> Number of ordinary stock units held during the year Earnings per stock unit

23. Dividends

> On December 24, 2021 a dividend of \$26,000,000 was declared to be paid to the shareholders on record as at January 2, 2022, with payments to be made on or about January 31, 2022. Dividends declared were equivalent to 2.00¢ per ordinary share.

ective tax rate:	2022	<u>2021</u>
	\$ <u>197,475,677</u>	<u>87,524,906</u>
	49,368,919	21,881,227
ces	5,312,379	3,178,646
	(588,005)	6,557,570
	(<u>2,107,289</u>)	(<u>14,437,960</u>)
	51,986,004	17,179,483
	(53,901,806)	(17,987,527)
	2,377,957	
	\$ <u>462,155</u>	(<u>808,044</u>)

	2022	<u>2021</u>
of		
	\$ <u>197,013,522</u>	88,332,950
ar	<u>1,300,000,000</u>	<u>1,300,000,000</u>
	<u>15.2¢</u>	<u>6.8¢</u>

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TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

Contingent liabilities 24.

The company has given guarantees in the ordinary course of business, under banking arrangements in the amount \$20,600,000 (2021: \$20,600,000). Additionally, a letter of credit was issued amounting to USD 140,000 (2021: USD 140,000) on behalf of the company in favour of a third party.

Financial instruments 25.

Overview:

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

- Credit risk
- Liquidity risk
- Market risk

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

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

The company's risk management policies are established to identify and analyse the risks faced by the company, 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 company'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 company's receivables from customers 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 company 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 company considers that cash resources have low credit risk. No material impairment allowances were recognised in the prior year and there was no change during the period.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

25. Financial instruments (continued)

(a) Credit risk (continued):

Related party balances

calculated on this basis.

Accounts receivable

0-30 days 31-60 days

61-90 days

91-120 days

121-150 days 151-180 days

181-210 days

211-240 days

241-270 days

271-300 days

301-330 days

331-360 days

The company 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 company 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.

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

We av 105 1

More than 360 days

The company assesses its 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

2022			
Weighted	Gross		
average	carrying	Loss	Credit
loss rate	amount	allowance	impaired
	\$	\$	
0.23%	171,535,274	400,373	No
0.44%	50,850,738	223,065	No
1.33%	16,829,396	223,993	No
4.71%	1,975,768	93,059	No
9.05%	1,212,923	109,770	No
12.80%	409,817	52,457	No
16.36%	792,746	129,693	Yes
23.48%	867,314	166,297	Yes
31.48%	671,140	211,275	Yes
44.35%	242,568	107,579	Yes
56.35%	183,193	103,211	Yes
76.60%	609,900	5,377,727	Yes
100.00%	20,675,220	20,675,220	Yes
	<u>266,855,997</u>	<u>22,873,719</u>	

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

Financial instruments (continued) 25.

(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).

- - - -

	2021			
	Weighted	Gross		
	average	carrying	Loss	Credit
	loss rate	amount	allowance	impaired
		\$	\$	
0-30 days	0.50%	131,453,789	654,565	No
31-60 days	0.97%	47,641,461	461,745	No
61-90 days	2.41%	29,148,968	701,265	No
91-120 days	6.64%	9,488,345	629,704	No
121-150 days	12.76%	1,662,256	212,150	No
151-180 days	18.05%	7,844,105	1,415,750	No
181-210 days	23.07%	1,393,002	321,399	Yes
211-240 days	33.11%	1,866,991	618,068	Yes
241-270 days	44.38%	2,673,492	1,186,519	Yes
271-300 days	62.53%	3,267,091	2,042,838	Yes
301-330 days	79.44%	293,279	232,979	Yes
331-360 days	100.00%	2,349,739	2,349,739	Yes
More than 360 days	100.00%	12,046,998	<u>12,046,998</u>	Yes
		<u>251,129,516</u>	22,873,719	

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	22,873,719	16,591,693
Impairment recognised		6,282,026
	\$ <u>22,873,719</u>	<u>22,873,719</u>

(b) Liquidity risk:

Liquidity risk is the risk that the company 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

25. Financial instruments (continued)

(b) Liquidity risk (continued):

The company's liquidity management process includes:

- (i)
- (ii) Maintaining committed lines of credit.

Financial liabilities cash flows

obligations at the reporting date.

	F				
-			2022		
	Within 1	1 to 10	Non-speci	fic	Carrying
	year	years	maturity	Total	amount
	\$	\$	\$	\$	\$
Accounts payable	380,700,793	-	-	380,700,793	380,700,793
Long-term loans	73,637,500	474,593,750	15,254,009	563,485,259	495,254,009
Leases	26,771,664	159,312,505		186,084,169	145,566,710
	\$ <u>481,109,957</u>	<u>633,906,255</u>	15,524,009	1,130,270,221	1,021,521,512

			2021		
	Within 1	1 to 5	Non-specifi	c	Carrying
	year	years	<u>maturity</u>	<u>Total</u>	<u>amount</u>
	\$	\$	\$	\$	\$
Accounts payable	327,676,037	-	-	327,676,037	327,676,037
Short-term loan	103,143,836	-	-	103,143,836	100,000,000
Long-term loans	22,500,000	339,375,000	15,254,009	377,129,009	310,028,468
Leases	27,427,971	<u>188,979,688</u>		216,407,659	<u>161,423,393</u>
	\$ <u>480,747,844</u>	<u>528,354,688</u>	15,254,009	1,024,356,541	<u>899,127,898</u>

Market risk: (c)

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 company's assets, the amount of its liabilities and/or the company's income. Market risk arises from fluctuations in the value of liabilities and the value of investments held. The company 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.

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.

The table below presents the undiscounted cash flows payable (both interest and principal cash flows) on the company's financial liabilities based on contractual repayment

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

Financial instruments (continued) 25.

- (c) Market risk (continued):
 - Interest rate risk: (i)

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

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

Interests 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>Carrying an</u>	Carrying amount		
	2022	<u>2021</u>		
	\$	\$		
Fixed rate:				
Liabilities	<u>480,000,000</u>	400,000,000		
Variable rate:				
Assets	<u>_51,399,752</u>	49,458,923		

Fair value sensitivity analysis for fixed rate instruments

The company 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 2021.

	<u>2022</u>		202	<u>2021</u>	
	Effect on profit		Effect	on profit	
	200bp	50bp	300bp	50bp	
	Increase	Decrease	Increase	Decrease	
Cash flow sensitivity (net)	\$ <u>8,572,005</u>	(<u>214,300</u>)	<u>1,483,768</u>	(247,295)	

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

25. Financial instruments (continued)

- (c) Market risk (continued):
 - (ii) Foreign currency risk:

to changes in foreign exchange rates.

The company 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 company that are not denominated in that currency. The main foreign currency risks of the company are denominated in United States dollars (US\$), which is the principal intervening currency for the company.

currency liabilities.

Exchange rates for the US dollar, in terms of Jamaica dollars, were as follows:

At September 30, 2022:	\$151.45
At September 30, 2021:	\$146.00

date:

US\$	

			gn currency sets/(liabilities))
	2	2022	<u>20</u>	021
	US\$	<u>J\$</u>	<u>US\$</u>	<u>J\$</u>
Cash and cash equivalents Accounts payables	118,507 (<u>1,878,633</u>)	17,947,885 (<u>284,518,968</u>)	220,148 (<u>1,639,025</u>)	32,141,608 (<u>239,297,650</u>)
Net exposure	(<u>1,760,126</u>)	(<u>266,571,083</u>)	(<u>1,418,877</u>)	(<u>207,156,042</u>)

Foreign currency sensitivity analysis:

A 1% (2021: 2%) weakening of the United States dollar (US\$) against the Jamaica dollar (J\$) at the year-end would have increased profit by \$2,665,710 (2021: J\$4,143,121). This analysis assumes that all other variables in particular interest rates, remained constant.

A 4% (2021: 8%) strengthening of the United States dollar (US\$) against the Jamaica dollar (J\$) at the year-end would have decreased profit by \$10,662,843 (2021: J\$16,572,483). This analysis assumes that all other variables in particular interest rates, remained constant.

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due

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

The table below shows the company's main foreign currency exposure at the reporting

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued) September 30, 2022

25. Financial instruments (continued)

(d) Fair value:

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of cash and cash equivalents, accounts receivable, related party receivables and accounts payable are assumed to approximate to their carrying value due to their short-term nature. The carrying value of the long-term loans is assumed to approximate fair value as the loans bear interest at market rates.

Capital management: (e)

> 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 company and there were no changes to capital management during the year.

Impact of Ukraine/Russia Conflict 26.

A post-pandemic evaluation was done to ensure lessons learnt from the impact of Covid-19 were fully integrated within our corporate procedures. Notwithstanding our best efforts, the world was restricted from two of its prize possessions, oil and gas due to the conflict between Russia and Ukraine which only had a minimal impact on our supply chain.

Tropical Battery wasn't exposed to any real impact due to the war in Ukraine/Russia. As a result of our resilience and years of experience in the automotive industry we were able to adapt and secure an alternative supply of Caribrake Brake fluid from Mexico, Tropical Battery Oils from Puerto Rico, and Windshield Wash from the United States of America.



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



Section

Disclosure of Shareholdings



Top Ten Shareholders

Shareholdings of Directors & Connected Parties

Shareholdings of Senior Managers



Jamaica Central Securities Depository Limited	Page:
Registrar Services Unit	
P.O. BOX 1084, 40 Harbour Street, Kingston, Jamaica	Date:
Tel: (876) 967-3271-4 Fax: (876) 948-6653	
	Time:

						REVENUE \$2.6B YOV Increase	NET INCOME AFTER TAX \$197.0M YOY Increase	\$0.15 YOY Increase	RETURN ON EQUITY
101				(12 Months) FYE Oct	- Sept 2022 vs the prior FYE Oct - Sept	2021 31.5%	123.0%	123.0%	82.8%
101	DISCLOSURE OF SHAREHOLDINGS TROPIC	CAL BATTERY ANNUAL REPORT	2022	DISCLOSURE OF SHAL	REHOLDINGS TROPICAL BATTERY ANNUAL REP	ORT 2022			102
JS JAMAICA CENTRAL SECURITIES LIMITED	Jamaica Central Securities Depository Limited Registrar Services Unit P.O. BOX 1084, 40 Harbour Street, Kingston, Jamaica Tel: (876) 967-3271-4 Fax: (876) 948-6653	Page: Date:	1/2 10-Oct-2022		AL	Reg 2.0. Box 1084, 40	l Securities Depository Limit ristrar Services Unit Harbour Street, Kingston, Ja 67-3271-4 Fax: (876) 948-6653	maica	
	Top 10 shareholdings for TROPICAL BATTERY COMPANY LIMIT As at September 30, 2022	Time:	03:51 PM		D	irectors and Con	Y COMPANY LIMITED - JME202000 nected Parties Shareholdings : at September 30, 2022		
				Board Member Account ID	*Primary Holder Joint Holder	Position on Board	Relationship	Volume	8
Primary Account Holder	Joint Holder(s):	Volume	Percentage						
1 DAI DIVERZE (JAMAICA) L	JMITED			Marc Melville	Marc Melville Dai Diverze (Jamaica) Limited	Director	Self Connected	- 975,000,000	0.00000
		975,000,000	75.0000%						
	Client total ownership	975,000,000	75.0000%				Director's Holdings	-	0.00000
2 CONSCIOUS CAPITAL INC							Connected Party Holdings Combined Holdings	975,000,000 975,000,000	75.00000 75.00000
		41,250,000	3.1731%	Alexander Melville	Alexander Melville	Director	Self	-	0.00000
	Client total ownership	41,250,000	3.1731%		Dai Diverze (Jamaica) Limited Conscious Capital Inc.		Connected Connected	975,000,000 41,250,000	75.00000 3.17308
3 NCB CAPITAL MARKETS (CA	YYMAN) LTD						Director's Holdings	-	0.00000
	Client total ownership	32,616,197 32,616,197	2.5089% 2.5089%				Connected Party Holdings Combined Holdings	1,016,250,000 1,016,250,000	78.17308 78.17308
4 TROPICAL BATTERY COMPAN	NY LIMITED CONTRIBUTORY PENSION SCHEME			Daniel Melville	*Daniel Melville Anna Melville	Director	Self	5,000,000	0.38462
		22,035,000	1.6950%		Dai Diverze (Jamaica) Limited		Connected	975,000,000	
	Client total ownership	22,035,000	1.6950%		bar biverie (oamaroa) bimieea		Director's Holdings	5,000,000	0.38462
5 DANIEL MELVILLE							Connected Party Holdings Combined Holdings	975,000,000 980,000,000	75.38462 75.38462
	ANNA MELVILLE	5,000,000	0.3846%	Ricardo Hutchinson	Ricardo Hutchinson	Director	Self	-	0.00000
	Client total ownership	7,692,307 12,692,307	0.5917% 0.9763%	Kitaluo nuteninson	Dai Diverze (Jamaica) Limited		Connected	975,000,000	75.00000
6 NCB CAPITAL MARKETS LTD	D. A/C 2231						Director's Holdings Connected Party Holdings	- 975,000,000	0.00000
		4,605,962	0.3543%				Combined Holdings	975,000,000	75.00000
	Client total ownership	4,605,962	0.3543%	Marc Ramsay	Marc Ramsay Operor Auctus Limited	Director	Self Connected	-	0.00000 0.11538
7 SAGICOR SELECT FUND LIM DISTRIBUTION	MITED - ('CLASS C' SHARES) MANUFACTURING &						Director's Holdings	-	0.00000
210111201101		4,222,222	0.3248%				Connected Party Holdings Combined Holdings	1,500,000 1,500,000	0.11538 0.11538
	Client total ownership	4,222,222	0.3248%	Caryl Fenton	Caryl Fenton	Director	Self	-	0.00000
8 HERBERT L. HALL							Director's Holdings	-	0.00000
		4,000,000	0.3077%				Connected Party Holdings Combined Holdings	-	0.00000
	Client total ownership	4,000,000	0.3077%						
9 MR SHAWN JAMES				Issued Shares	1,300,00	0,000			
	Client total ownership	3,440,000 3,440,000	0.2646% 0.2646%	Combined Director's	5,00	0,000 0.3846	2		
10 MR. PANKAJ ASHOK BHATIA	-	3,110,000	0.20100	Holdings Combined Connected Party	1,017,75				
Instato honor bialta	-	3,099,662	0.2384%	Holdings Comined Holdings	1,022,75				
	Client total ownership	3,099,662	0.2384%						
Total Issued Capital:	1,300,000,000								
Total Units Owned by Top 10									
Total onits owned by Top 10	UNALEMOIDELS. 1,102,901,330								

84.8432% Total Percentage Owned by Top 10 Shareholders:

NOTE: Information reflected above reports on the top 'x' shareholdings where 'x' identifies the shareholder count. In cases where more than one shareholder has equal number of units as at report date; the holdings will be 'grouped' for counting purposes and counted as one.



SECTION NAME | TROPICAL BATTERY ANNUAL REPORT 2022

JAMAICA CENTRAL SECURITIES IMITED

Combined Connected Party

Holdings Combined Holdings

Jamaica Central Securities Depository Limited Regristrar Services Unit P.O. Box 1084, 40 Harbour Street, Kingston, Jamaica Tel: (876) 967-3271-4 Fax: (876) 948-6653

TROPICAL BATTERY COMPANY LIMITED - JME202000092 Senior Managers and Connected Parties Shareholdings Report as at September 30, 2022

Board Member Account ID	*Primary Holder Joint Holder		Position on Board	Relationship	Volume	8
Reshando Mais	Reshando Mais		Manager	Self	300,000	0.02308
				Senior Managers Holdings Connected Party Holdings	300,000	0.02308
				Combined Holdings	300,000	0.02308
Stacy-Ann Spence	*Stacy-Ann Spence Leah-Stacia McLean		Manager	Self Connected	50,000	0.00385
				Senior Managers Holdings Connected Party Holdings	50,000	0.00385
				Combined Holdings	50,000	0.00385
Kamesha Robinson	Kamesha Robinson		Manager	Self	907,924	0.06984
				Senior Managers Holdings	907,924	0.06984
				Connected Party Holdings Combined Holdings	- 907,924	0.00000
Stanley Wilson	Stanley Wilson		Manager	Self	-	0.00000
				Senior Managers Holdings	-	0.00000
				Connected Party Holdings	-	0.0000
				Combined Holdings	-	0.00000
Claude Christie	Claude Christie		Manager	Self	50,000	0.00385
				Senior Managers Holdings	50,000	0.00385
				Connected Party Holdings Combined Holdings	- 50,000	- 0.00385
O'rane Gray	O'rane Gray		Manager	Self	-	0.00000
	*Tawana Gray			Connected	150,000	0.01154
				Senior Managers Holdings Connected Party Holdings	-	0.00000
				Combined Holdings	150,000	0.01154
Sandra Russell	*Sandra Russell Patrick Russell		Manager	Self	360,000	0.02769
				Senior Managers Holdings Connected Party Holdings	360,000	0.02769
				Combined Holdings	360,000	0.02769
Issued Shares	1,	300,000,000				
Combined Senior Managers Holdings	3	1,667,924	0.12830			

150,000

1,817,924 0.13984

0.01154

SECTION NAME | TROPICAL BATTERY ANNUAL REPORT 2022

EXPLORE, INNOVATE & CREATE.

(12 Months) FYE Oct - Sept 2022 vs the prior FYE Oct - Sept 2021

31.5%

NET INCOME AFTER TAX 123.0%



NOW OPEN



123.0%



Section

Corporate Data

CORPORATE DATA I TROPICAL BATTERY ANNUAL REPORT 2022

CORPORATE DATA | TROPICAL BATTERY ANNUAL REPORT 2022

Ocho Rios Coconut Grove, Jamaica (876) 974-8777-8 fax (876) 974-8712

Montego Bay Catherine Hall Trade Centre Montego Bay St. James Jamaica (876) 971-6220 fax(876) 971-9408

Manchester 6 Villa Road Mandeville Manchester Jamaica (876) 625-0600,(876) 625-9083 fax (876) 625-9084

PRINCIPAL STOCKBROKERS & FINANCIAL ADVISERS

NCB Capital Markets Limited "The Atrium" 32 Trafalgar Road, Kingston 10 Stanley Thompson Manager-Origination & Structuring (876)935-2769]

> AUDITORS KPMG Jamaica The Victoria Mutual Building 6 Duke Street Kingston

REGISTERED OFFICE

30 Automotive Parkway, Ferry Commercial Park, Mandela Highway Kingston 20. P.O. Box 148. Jamaica W. I.

SERVICE CENTRES

Kingston 1E Grove Road Kingston 10, Jamaica (876) 926-6615 fax (876) 926-7341

Kingston 15 Ashenheim Road Kingston 11 Jamaica (876) 923-6231, (876) 923-6232 (876) 923-6233 or fax (876) 757-3328

Kingston 30 Automotive Parkway, Ferry Commercial Park, Mandela Highway Kingston 20 (876) 923-6231-3

ATTORNEYS Patterson Mair Hamilton Temple Court 85 Hope Road Kingston 6

> ATTORNEYS Clinton Hart & Co. 58 Duke Street Kingston, Jamaica

REGISTRARS & TRANSFER AGENTS Jamaica Central Securities Depositary 40 Harbour Street Kingston

PROXY FORM | TROPICAL BATTERY ANNUAL REPORT 2022

PROXY FORM | TROPICAL BATTERY ANNUAL REPORT 2022

FORM OF PROXY

Tropical Battery Company Limited

of		
peing a member/men	nbers of Tropical Battery Company Li	mited hereby appoint
Dr failing him/her _		
of		
as my/our proxy to v be held in hybrid form Kingston 20) and onl	ote for me/us on my/our behalf at tl	he Annual General Meeting of the Company way, Ferry Commercial Park, Mandela Highv at any adjournment thereof.
as my/our proxy to v be held in hybrid form Kingston 20) and onl Signed this	ote for me/us on my/our behalf at th nat (in person at 30 Automotive Parky ine on March 15, 2023 at 10am and a	he Annual General Meeting of the Company way, Ferry Commercial Park, Mandela Highv at any adjournment thereof.

- If executed by a corporation, this proxy must be sealed. A corporate shareholder may appoint a representative in accordance with the Company's Articles of Incorporation, instead of appointing a proxy. • This Form of Proxy must be received by the Registrar of the Company, 30 Automotive Parkway, Ferry
- Commercial Park, Mandela Highway, Kingston 20, not less than 48 hours before the time of the meeting. • This Form of Proxy should bear stamp duty of \$100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

EMBRACE CHANGE; LEARNING, GROWING & SHARING.

(12 Months) FYE Oct - Sept 2022 vs the prior FYE Oct - Sept 2021

31.5%

NET INCOME AFTER TAX 123.0%







www.tropicalbattery.com