



UNITED STATES OF AMERICA

DOMINICAN REPUBLIC

JAMAICA

Stronger For Longer

TROPICAL
BATTERY



2023

ANNUAL REPORT

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

REVENUE
\$2.8B
YOY Increase
6.7%

GROSS PROFIT
\$876.2M
YOY Increase
12.9%

DIVIDENDS PAID
\$52M
YOY Increase
100%

SHAREHOLDERS EQUITY
\$1.1B
YOY Increase
5.9%

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Section 1

VISION & STRENGTH

Our Vision

Our Unique Strengths

Core Values

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

<p>REVENUE</p> <p>\$2.8B</p> <p>YOY Increase</p> <p>6.7%</p>	<p>GROSS PROFIT</p> <p>\$876.2M</p> <p>YOY Increase</p> <p>12.9%</p>
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“ Think positive; that’s the only way to see opportunities. ”

CORE VALUE #8

REVENUE \$2.8B ↑ YOY Increase 6.7%	GROSS PROFIT \$876.2M ↑ YOY Increase 12.9%	DIVIDENDS PAID \$52M ↑ YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% ↑ YOY Increase 5.9%
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Our Vision

Our vision is to supply safe, high quality and sustainable energy storage solutions across Jamaica and the Caribbean Region. We do this by empowering our team through continuous education and by promoting environmental stewardship among our stakeholders.

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.
- Now that the company is embracing cutting-edge technology, we have no doubt that it will continue to make further inroads into its target markets.

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CORE VALUES

1. Live with passion and purpose.

3. Honesty & respect; will get us much further ahead.

6. Be humble, be grateful.

9. Have fun; be happy in the present.

2. Embody exceptional service and safety.

4. Build meaningful relationships.

7. Commit to helping others & our communities.

10. Embrace change; keep learning, growing & sharing.

5. Explore, innovate & create.

8. Think positive; that's the only way to see opportunities.

Section 2

NOTICE OF ANNUAL MEETING

Annual General Meeting

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

REVENUE
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↑
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SHAREHOLDERS EQUITY
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5.9%

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 April 25, 2024 at 10am online to consider and (if thought fit) pass the following resolutions:

1. To receive the report of the Board of Directors and the Audited Financial Statements for the Year ended 30 September 2023 circulated herewith

RESOLUTION NO 1

"THAT the Audited Financial Statements for the year ended 30 September 2023 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 2.1

"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:-

Alexander Melville
Marc Melville
Daniel Melville."

RESOLUTION NO 2.2

"That Mr Itamar Frankenthal be retired and is hereby re-elected as a Director of the Company"

RESOLUTION NO 2.3

"That Mr Andrew Cramer be retired and is hereby re-elected as a Director of the Company"

REVENUE \$2.8B ↑ YOY Increase 6.7%	GROSS PROFIT \$876.2M ↑ YOY Increase 12.9%	DIVIDENDS PAID \$52M ↑ YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% ↑ YOY Increase 5.9%
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3. Capital raise

RESOLUTIONS NO. 3.1 TO 3.2

3.1 THAT the Company hereby approves the issue of ordinary shares (in this resolution "New Ordinary Shares") as part of the authorised capital of such amount as the Directors in their absolute discretion may approve) currently unissued for the purposes of raising capital for the benefit of the Company, the same to be offered to the holders of ordinary shares/stock units by way of an Additional Public Offering or Rights Issue on such terms (including the number of New Ordinary Shares, the price per New Ordinary Share, the proportion of New Ordinary Shares to be offered in relation to existing ordinary shares/stock units held by the holders thereof and the record date for determining the eligibility of such ordinary stockholders to subscribe for New Ordinary Shares) in each case as the Directors and/or any duly appointed Committee of Directors shall determine and/or pursuant to the private placement of New Ordinary Shares, AND THAT the Directors be authorised to dispose of all such New Ordinary Shares not taken up by holders of ordinary shares/stock units to whom the offer is made, and/or by way of private placement, in all such cases on terms and conditions as the Directors may consider expedient in their absolute discretion. FURTHER that on issue, the New Ordinary Shares including the New Ordinary Shares (issued pursuant to any private placement) shall be converted and/or confirmed to be ordinary stock units, save that same shall rank in all respects pari passu with the existing ordinary stock units of the Company.

3.2 THAT the Directors and the Secretary of the Company do execute all steps and documents and are hereby authorized to execute all steps and documents in order to implement and effectuate the Additional Public Offering or Rights Issue and /or the private placement aforesaid, in each case as aforementioned and to dispose of all such New Ordinary Shares not taken up by Allottees and the New Ordinary Shares (privately placed) on terms and conditions as the Directors may consider expedient in their absolute discretion.

4. Share issue for Rose Acquisition

RESOLUTION NO. 4.1

"THAT the Company is approved to issue and admit further participating voting shares pursuant to Rule 505(8)(e), being 65,627,273 Ordinary Shares on the Junior Market of the Jamaica Stock Exchange which corresponds to the class of participating voting shares already admitted on the said Market, as may be allotted by the Board of Directors, to such persons on such terms and conditions and at such times at the Board of Directors think fit and in accordance with the Rules."

RESOLUTION NO. 4.2

"THAT the Company is approved to make the necessary application for admission for the further issue to the Jamaica Stock Exchange, in which, the Directors and the Company Secretary are authorised to execute all steps and documents, for and on behalf of the Company, including but not limited to the corporate shelf documents required by the Jamaica Stock Exchange and the Junior Market Rules, as well as to execute and deliver all such other deeds, documents, instruments in writing and to perform and do all such acts and things, as may be considered necessary, desirable or useful for the purpose of giving effect to this Resolution."

RESOLUTION NO. 4.2

"THAT the Directors and the Secretary of the Company are hereby authorized to execute and deliver and to cause to be executed and delivered, with or without the company seal of the Company, all such other documents, instruments, agreements and writings and to do all such acts and things as such person may, in his/her/their sole discretion consider necessary, advisable or desirable in connection with or as contemplated by, or for the purpose of giving effect to these resolutions."

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

RESOLUTION NO 5

"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."

6. To fix the fees of the Directors

RESOLUTION NO 6

"THAT the amount shown in the Financial Statements of the Company for the year ended 30 September 2023 for fees of the Directors be and is hereby approved."

By Order of the Board

For AspireSec Limited

Company Secretary

Tropical Battery Company Limited

CHAIRMAN & CEO'S MESSAGE FISCAL YEAR-END 2023

Overview

In 2023, Tropical Battery Co. Ltd. demonstrated resilience and strategic acumen amidst its expansion and operational enhancement efforts. The company's financial statements indicate a proactive stance towards asset management and cost control, with a 22% increase in current assets and a strategic realignment of its operating assets and liabilities. Despite a 29% decrease in net profit after tax, the company's focus on investment in growth areas, particularly in the renewable energy sector, sets a strong foundation for future profitability.

Tropical Battery Co. Ltd. has made significant strides in Environmental, Social, and Governance (ESG) practices. The company's commitment to renewable energy and sustainable practices is particularly evident in its financial support for expansion into the renewable energy market in the Dominican Republic. This is aligned with the broader industry trends where utility-scale solar installations have surged, and investments in renewable energy are expected to continue growing into 2024.

Talent management has also been a critical area of focus for the company. The global shift towards reskilling the workforce to support the renewable energy sector resonates with Tropical Battery Co. Ltd.'s efforts to nurture and develop its human capital, ensuring that the team is equipped with the necessary skills to drive growth and innovation.

Monitoring key performance indicators (KPIs) has been integral to the company's management strategy. By closely monitoring its cash conversion cycle, inventory levels, and receivables, Tropical Battery Co. Ltd. has maintained a disciplined approach to its capital management processes, ensuring operational efficiency and financial health.

The company's international expansion, particularly into the US market, is expected to grow the top line and bottom line materially, harmonise operations across markets, and achieve cost savings, ultimately improving shareholder value.

In conclusion, despite short-term reductions in specific profitability metrics due to strategic investments for expansion, Tropical Battery Co. Ltd. has positioned itself for

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\$2.8B	\$876.2M	\$52M	1.1B%
↑ YOY Increase 6.7%	↑ YOY Increase 12.9%	↑ YOY Increase 100%	↑ YOY Increase 5.9%

sustained growth and financial stability. The company's robust financial management and strategic initiatives in 2023 have laid the groundwork for continued success in the renewable energy, energy storage and speciality battery industries.

Outlook

Tropical Battery Company Limited has a clear strategy for improving shareholder value. This involves refining capital management processes, improving cash conversion cycles, ensuring efficient collection of receivables, and maintaining disciplined investment activities. The focus on expanding into the US market is part of a broader strategy to enhance growth opportunities and achieve cost savings across the group.

The collaborations between Tropical Battery, Kaya Energy, and Rose Batteries in Jamaica, the Dominican Republic, and the United States are set to be leveraged to harmonise operations across these markets. This strategic alignment aims to optimise brand strengths, consolidate market presence, and

achieve operational excellence.

By integrating systems and processes across the three entities, the company aims to enhance its return on capital employed, driving growth, innovation, and superior customer service. The robust financial foundation of Tropical Battery Company Limited allows for the continued pursuit of expansion opportunities, ensuring sustainable debt management and leveraging the collective capabilities of its brands to augment shareholder value.

The company's solid revenue base, commitment to operational excellence, and strategic expansion initiatives will support its long-term objectives and shareholder value enhancement. The company's leadership team is dedicated to balancing leveraging opportunities, thus aligning with the overarching vision for growth and market leadership.



Marc Melville, Chairman



Alexander Melville, CEO

Section 4

OUR BUSINESS

Company Overview

Revenue Composition

Financial Highlights

Operating KPI's

5-Year Statistical Review

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

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“ Embody exceptional service and safety. ”

CORE VALUE #2

COMPANY OVERVIEW

Tropical Battery

Tropical Battery is one of Jamaica's oldest and most trusted household brands. As a company, we are committed to quality and reliability. Our primary business area has been the sale and distribution of batteries for more than 72 years. Whether you need energy storage for a car, truck, boat, forklift, bike, or generator, we can provide you with reliable energy storage products to meet your needs.

Tropical Battery focuses its sales efforts on solutions for energy storage, such as renewable energy and automotive service products. It is recommended that some of these service items are replaced periodically, typically every 3 to 18 months. Batteries are typically replaced between 1 to 10, years depending on the industry application (automotive, renewable, etc.) and how it is used. The life expectancy of tires, oils, and other lubricants varies. We aim to provide our customers with a comprehensive "one-stop" solution for premium energy storage solutions and automotive service items.

Tropical Battery's headquarters is located in Kingston, Jamaica, and distribution centers are located in Kingston and Montego Bay. There are six retail stores in Ocho Rios, Mandeville, Montego Bay, and Kingston, and approximately 1,000 resellers (gas stations, auto parts stores, etc.) serving the Jamaican market.

Tropical Battery was founded in 1950 by Tex Williams, an American businessman. In 1967 the Company was purchased by John Melville and it remains controlled by the Melville family today. Tropical Battery originally started as a manufacturer of lead acid storage batteries. Tropical Battery changed its business model in the early 1990s from being a manufacturer to a major battery distribution company.

Tropical Renewable Energy

Tropical Renewable Energy was established as a subsidiary of Tropical Battery to address the needs of the renewable energy market in the Caribbean.

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As part of our mission, we provide development, procurement, and project management services to assist in the transition to energy independence, as well as renewable energy technology to electricity consumers, installers, and engineering, procurement, and construction (EPC) firms. We strive to create a greener and more sustainable future through renewable energy solutions. We are committed to providing the highest quality of service to our customers and to helping the Caribbean achieve its goal of becoming a clean energy economy.

Tropical Finance

The mission of Tropical Finance is to expand access to renewable energy and electric mobility solutions by providing clients and partners of Tropical Battery, Tropical Energy, and Tropical Mobility with innovative

financial products and services. These products and services are designed to empower individuals, businesses, and

communities to transition toward a more sustainable future. We strive to provide solutions that are tailored to our clients' individual needs and circumstances. Our commitment is to facilitate the transition to a cleaner, greener, and more efficient future.

Tropical Mobility

Tropical Mobility offers a variety of services to its clients, such as battery electric vehicles (BEVs), electric vehicle supply equipment (EVSE), fleet management, mobility-as-a-service, and last-mile delivery. These services are designed to help businesses reduce their carbon footprint, lower costs, and increase the efficiency of their operations.

Tropical Renewable Energy, Tropical Mobility and Tropical Finance are registered subsidiaries of Tropical Battery Company. Given the early stage development of these three business units, however, financial reporting has not yet been broken out from the parent company.

COMPANY OVERVIEW (CONTINUED)

EnRvate

EnVate is a joint venture company established by CAC 2000 and Tropical Battery Company, both listed on the Junior Market of the Jamaica Stock Exchange. The company was incorporated under the guidelines of the Companies Office of Jamaica on April 29, 2021, and officially started offering its products and services on June 1, 2021.

EnRvate focuses on providing custom-built, environment-friendly and energy-saving solutions for commercial customers in Jamaica and the Caribbean. As a result of this joint venture, CAC 2000 is aligning its strategy to develop complementary partnerships, alongside Tropical Battery's recognition of the global trend of lower-priced energy storage solutions, making energy independence more accessible and environmentally friendly.

Kaya Energy Group, SRL

Kaya Energy Group, SRL is a company based in the Dominican Republic that specializes in designing, installing, and financing solar power systems. With over 10 years of solar engineering, project management, and finance experience, the company aims to facilitate the transition to renewable energy in the Caribbean region. The company provides a variety of services, including project development, finance, operations, maintenance, and energy storage. With the acquisition of Kaya Energy Group (Kaya Energy), Tropical Energy will be able to diversify its geographical footprint across the Caribbean by establishing strong partnerships with leading EPC companies.

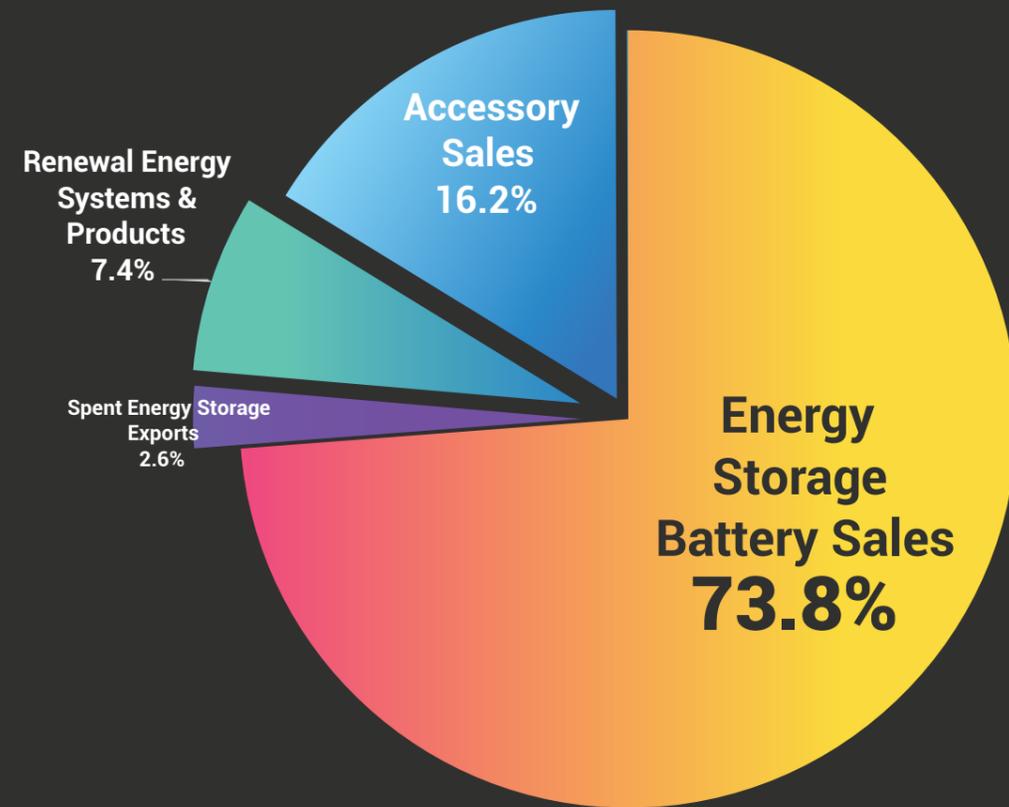
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REVENUE COMPOSITION

For the fiscal year ending September 30, 2023

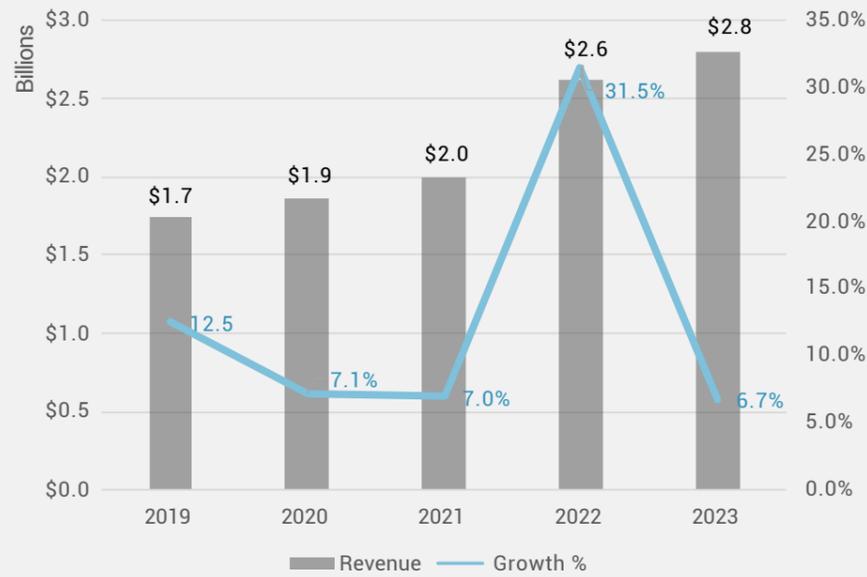
	FY 2023
Energy Storage Battery Sales	\$2,067,253,224
Spent Energy Storage Exports	\$72,046,646
Renewal Energy Systems & Products	\$206,993,515
Accessory Sales	\$453,650,782
Service Income	\$1,596,756
	<u>\$2,801,540,923</u>



FINANCIAL HIGHLIGHTS

For the fiscal year ending September 30, 2023

Revenue (JMD) vs. Growth Rate %



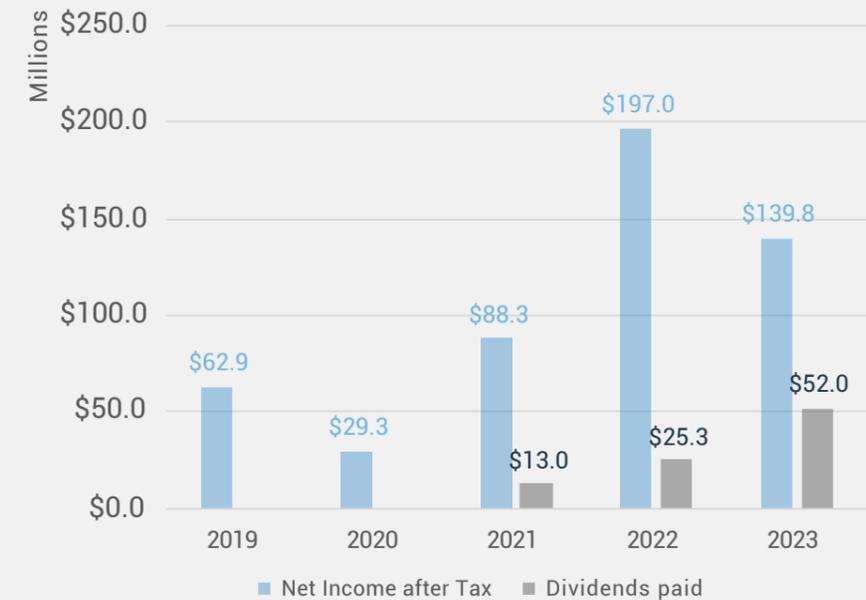
Operating Expenses vs. EBITDA (JMD)



Gross Profit (JMD) vs GP %



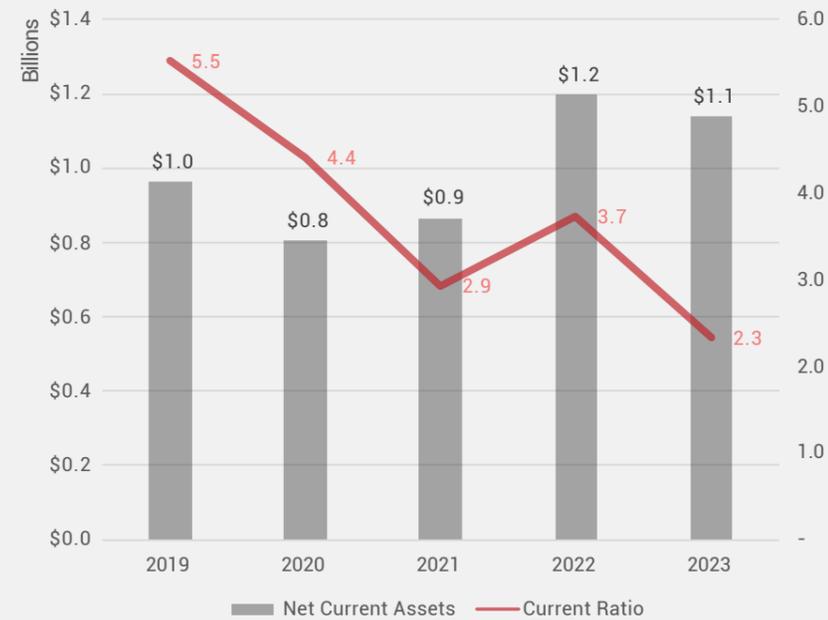
Net Income after Tax vs Dividends Paid (JMD)



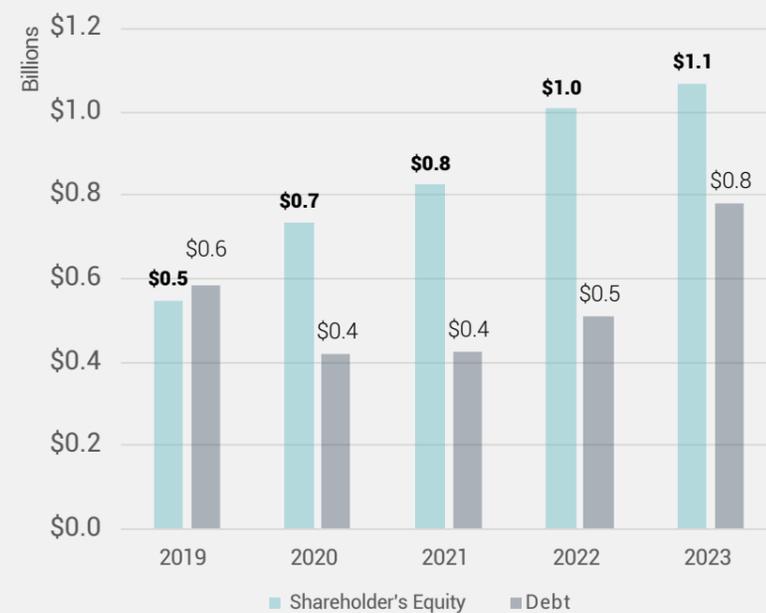
FINANCIAL HIGHLIGHTS

For the fiscal year ending September 30, 2023

Net Current Assets (JMD) vs. Current Ratio



Shareholder's equity vs. Debt (JMD)



OPERATING KPI'S

For the fiscal year ending September 30, 2023

Key Performance Indicators

		Audited	Audited	Audited	Audited	Audited
		2019	2020	2021	2022	2023
Financial KPIs						
Cash Conversion Cycle (CCC)	= $DIO + DSO - DPO$	-	174.2	143.2	156.4	185.9
Return on Capital Employed (30% or higher)	= $\frac{\text{Operating Profit/Revenue}}{\text{X (Revenue / Operating Assets)}}$	8.5%	9.9%	10.7%	13.7%	10.1%
Current Ratio	= $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	5.5	4.4	2.9	3.7	2.3
Debt to Equity	= $\frac{\text{Total Debt}}{\text{Equity}}$	1.5	1.0	1.1	1.0	1.3
Debt to EBITDA	= $\frac{\text{Total Debt}}{\text{12 mths. EBITDA}}$	4.7	3.7	2.4	2.4	2.3
Debt Service Coverage Ratio (DSCR)	= $\frac{\text{Net Operating Income}}{\text{Debt Service [12 mths. Interest Payments + Principal Repayments]}}$	14.1	3.6	3.5	4.3	0.6
Operation KPIs						
Days Sales Outstanding (DSO)	= $\frac{\text{Average Accounts Receivable}}{\text{Total Credit Sales}} \times 365$	98.5	97.7	107.0	92.4	103.0
Days Payable Outstanding (DPO)	= $\frac{\text{Average Accounts Payable}}{\text{Cost of Goods Sold}} \times 365$	57.2	32.5	86.8	75.1	84.0
Days Inventory Outstanding (DIO)	= $\frac{\text{Average Inventory}}{\text{Cost of Goods Sold}} \times 365$	-	108.9	123.0	139.1	167.0
Inventory Turnover Ratio	= $\frac{\text{Cost of Goods Sold}}{\text{Avg Inventory}}$	2.7	4.3	2.3	2.3	2.0

5-YEAR STATISTICAL REVIEW

Balance Sheet

For the fiscal year ending September 30 2023

	Audited		Audited		Audited		Audited		Audited	
	2019	%	2020	%	2021	%	2022	%	2023	%
CURRENT ASSETS										
Cash and cash equivalent	\$135.16 143,238,834	12.6%	\$142.63 262,502,567	21.7%	\$152.41 173,828,917	13.4%	\$153.93 168,121,344	10.5%	\$157.01 189,447,956	11.8%
Accounts receivables	282,229,637	24.9%	299,986,594	24.8%	351,235,981	27.2%	398,821,383	24.9%	474,360,591	29.7%
Taxation recoverable	-	0.0%	-	0.0%	525,060	0.0%	727,809	0.0%	818,484	0.1%
Due from related companies	273,032,432	24.1%	154,049,214	12.7%	157,400,499	12.2%	247,837,424	15.5%	319,813,663	20.0%
Other assets	2,163,107	0.2%	-	0.0%	-	0.0%	-	0.0%	1,526,256	0.1%
Due from parent company	23,385,227	2.1%	23,385,227	1.9%	23,385,227	1.8%	23,385,227	1.5%	44,158,531	2.8%
Inventories	450,133,458	39.7%	299,609,370	24.7%	608,593,378	47.1%	795,126,010	49.6%	958,310,861	59.9%
Total Current Assets	1,174,182,695	103.7%	1,039,532,972	85.8%	1,314,969,062	101.7%	1,634,019,197	102.0%	1,988,436,342	124.3%
CURRENT LIABILITIES										
Accounts payable	192,519,411	17.0%	115,511,333	9.5%	327,676,037	25.3%	380,700,793	23.8%	443,199,042	27.7%
Due to related party	-	0.0%	-	0.0%	5,000,000	0.4%	-	0.0%	-	0.0%
Short-term loan	-	0.0%	100,000,000	8.3%	100,000,000	7.7%	-	0.0%	10,700,000	0.7%
Current portion of long-term loans	-	0.0%	-	0.0%	15,856,683	1.2%	17,442,276	1.1%	372,639,569	23.3%
Current portion of lease liability	-	0.0%	14,415,231	1.2%	-	0.0%	40,000,000	2.5%	25,680,587	1.6%
Taxation payable	20,145,192	1.8%	5,931,345	0.5%	-	0.0%	-	0.0%	-	0.0%
Total Current Liabilities	212,664,603	18.8%	235,857,909	19.5%	448,532,720	34.7%	438,143,069	27.4%	852,219,198	53.3%
NET CURRENT ASSETS	961,518,092	84.9%	803,675,063	66.3%	866,436,342	67.0%	1,195,876,128	74.7%	1,136,217,144	71.0%
NON-CURRENT ASSETS										
Investment in joint venture	-	0.0%	-	0.0%	5,000,000	0.4%	5,000,000	0.3%	5,000,000	0.3%
Goodwill	-	0.0%	-	0.0%	-	0.0%	-	0.0%	61,120,229	3.8%
Intangible assets	38,133,005	3.4%	38,133,005	3.1%	38,133,005	2.9%	38,133,005	2.4%	38,133,005	2.4%
Property, plant & equipment	70,026,094	6.2%	161,908,088	13.4%	176,695,423	13.7%	161,038,380	10.1%	180,244,560	11.3%
Right of use assets	-	0.0%	172,400,723	14.2%	152,649,254	11.8%	132,897,745	8.3%	164,703,065	10.3%
Deferred Taxation	21,368,373	-	-	-	-	-	-	-	-	-
Employee Benefits	41,678,000	3.7%	35,517,000	2.9%	54,407,000	4.2%	68,619,000	4.3%	13,866,000	0.9%
Total Non-Current Assets	171,205,472	15.1%	407,958,816	33.7%	426,884,682	33.0%	405,688,130	25.3%	463,066,859	29.0%
	1,132,723,564	100.0%	1,211,633,879	100.0%	1,293,321,024	100.0%	1,601,564,258	100.0%	1,599,284,003	100.0%
Represented by:										
SHAREHOLDER'S EQUITY										
Share Capital	370,000	0.0%	156,675,300	12.9%	156,675,300	12.1%	156,675,300	9.8%	164,287,800	10.3%
Foreign currency translation	-	0.0%	-	0.0%	-	0.0%	-	0.0%	(3,608)	0.0%
Share premium (IPO)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Capital contribution	459,207,861	40.5%	459,207,861	37.9%	459,207,861	35.5%	459,207,861	28.7%	459,207,861	28.7%
Accumulated retained earnings	915,964	0.1%	58,586,673	4.8%	122,465,035	9.5%	194,451,536	12.1%	290,813,863	18.2%
Current earnings	86,583,983	7.6%	60,576,068	5.0%	87,524,906	6.8%	197,475,677	12.3%	139,840,716	8.7%
	547,077,808	48.3%	735,045,902	60.7%	825,873,102	63.9%	1,007,810,374	62.9%	1,054,146,632	65.9%
Minority interest	-	0.0%	-	0.0%	-	0.0%	-	0.0%	13,313,744	0.8%
	547,077,808	48.3%	735,045,902	60.7%	825,873,102	63.9%	1,007,810,374	62.9%	1,067,460,376	66.7%
NON-CURRENT LIABILITIES										
Lease liability	-	0.0%	161,423,393	13.3%	145,566,710	11.3%	128,124,434	8.0%	154,793,061	9.7%
Long-term loans	585,645,756	51.7%	307,668,546	25.4%	310,028,468	24.0%	452,051,258	28.2%	373,342,685	23.3%
Deferred tax liability	-	0.0%	7,496,038	0.6%	11,852,744	0.9%	13,578,192	0.8%	3,687,881	0.2%
	585,645,756	51.7%	476,587,977	39.3%	467,447,922	36.1%	593,753,884	37.1%	531,823,627	33.3%
	1,132,723,564	100.0%	1,211,633,879	100.0%	1,293,321,024	100.0%	1,601,564,258	100.0%	1,599,284,003	100.0%

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

REVENUE
\$2.8B
↑
YOY Increase
6.7%

GROSS PROFIT
\$876.2M
↑
YOY Increase
12.9%

DIVIDENDS PAID
\$52M
↑
YOY Increase
100%

SHAREHOLDERS EQUITY
1.1B%
↑
YOY Increase
5.9%

Income Statement

For the fiscal year ending September 30 2023

	Audited		Audited		Audited		Audited		Audited	
	2019	%	2020	%	2021	%	2022	%	2023	%
Revenue										
Total Revenue	1,742,620,392	100.0%	1,867,149,083	100.0%	1,997,076,917	100.0%	2,625,322,327	100.0%	2,801,540,923	100.0%
Total Cost of Sales	(1,228,594,924)	-70.5%	(1,298,237,958)	-69.5%	(1,377,640,850)	-69.0%	(1,849,274,283)	-70.4%	(1,925,312,151)	-68.7%
Gross Profit	514,025,468	29.5%	568,911,125	30.5%	619,436,067	31.0%	776,048,044	29.6%	876,228,772	31.3%
Total Operating Expenses	(399,751,560)	-22.9%	(446,501,079)	-23.9%	(450,275,765)	-22.5%	(511,900,970)	-19.5%	(630,395,427)	-22.5%
Operating Profit	114,273,908	6.6%	122,410,046	6.6%	169,160,302	8.5%	264,147,074	10.1%	245,833,345	8.8%
Other operating income	9,094,081	0.5%	13,715,756	0.7%	23,578,641	1.2%	12,832,950	0.5%	12,640,814	0.5%
Total EBITDA	123,367,989	7.1%	136,125,802	7.3%	192,738,943	9.7%	276,980,024	10.6%	258,474,159	9.2%
Depreciation	(23,874,249)	-1.4%	(33,350,517)	-1.8%	(52,123,793)	-2.6%	(53,706,335)	-2.0%	(56,767,316)	-2.0%
EBIT (operating profit)	99,493,740	5.7%	102,775,285	5.5%	140,615,150	7.0%	223,273,689	8.5%	201,706,843	7.2%
Finance Costs & Depreciation	55.0%		10.3%		41.6%		43.7%		-6.7%	
Loan interest	(8,079,304)	-0.5%	(34,771,281)	-1.9%	(35,158,227)	-1.8%	(42,395,533)	-1.6%	(62,161,882)	-2.2%
Loan interest - Rose	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Lease interest	-	0.0%	-	0.0%	(12,701,106)	-0.6%	(11,547,593)	-0.4%	(12,398,162)	-0.4%
Bank Charges	(9,504,060)	-0.5%	(10,252,848)	-0.5%	(15,059,705)	-0.8%	(17,419,684)	-0.7%	(17,538,837)	-0.6%
Finance income	4,673,607	0.3%	2,824,912	0.2%	3,634,501	0.2%	3,991,142	0.2%	12,174,725	0.4%
FX Realized gain / (loss)	-	0.0%	-	0.0%	6,194,293	0.3%	41,573,656	1.6%	22,991,968	0.8%
Total Finance Costs & Depreciation	(12,909,757)	-0.7%	(42,199,217)	-2.3%	(53,090,244)	-2.7%	(53,798,012)	-2.0%	(56,932,188)	-2.0%
Profit before Tax	86,583,983	5.0%	60,576,068	3.2%	87,524,906	4.4%	197,475,677	7.5%	144,774,655	5.2%
Taxation	(23,686,282)	-1.4%	(31,239,774)	-1.7%	808,044	0.0%	(462,155)	0.0%	(4,933,939)	-0.2%
Profit After Tax (PAT)	62,897,701	3.6%	29,336,294	1.6%	88,332,950	4.4%	197,013,522	7.5%	139,840,716	5.0%
Owners of Tropical Battery Co. Ltd.	-	0.0%	-	0.0%	-	0.0%	-	0.0%	135,200,116	4.8%
Non-controlling interest	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,640,600	0.2%
Other comprehensive income	(12,237,750)	-0.7%	2,326,500	0.1%	15,494,250	0.8%	10,923,750	0.4%	(44,476,358)	-1.6%
Total comprehensive income	50,659,951	2.9%	31,662,794	1.7%	103,827,200	5.2%	207,937,272	7.9%	95,364,358	3.4%
EPS (Earning Per Share)	N/A		\$ 0.03		\$ 0.07		\$ 0.15		\$ 0.10	

Cash Flow Statement

For the fiscal year ending September 30 2023

	Audited		Audited		Audited		Audited		Audited	
	2019	%	2020	%	2021	%	2022	%	2023	
	135.16		142.63		152.41		153.93		157.01	
US\$ to \$/M FX Rate:										
Net profit after Tax	62,897,701	44%	29,336,294	11%	88,332,950	51%	197,013,522	117%	139,840,716	
Adjustments to reconcile net profit/(loss)										
Employee Benefit	1,807,000	1%	9,263,000	4%	1,769,000	1%	353,000	0%	(4,544,000)	
Depreciation	23,874,249	17%	33,350,517	12%	52,123,793	30%	53,706,335	32%	56,767,316	
Taxation expense	23,686,282	17%	31,239,774	12%	(808,044)	0%	462,155	0%	4,933,939	
Interest expense	9,786,620	7%	26,111,669	10%	35,158,227	20%	42,395,533	25%	62,161,882	
Interest on lease liabilities	-	0%	7,010,725	3%	12,701,106	7%	11,547,593	7%	12,398,162	
Amortisation of Debt issuance costs	505,697	0%	2,022,790	1%	2,022,790	1%	2,022,790	1%	-	
Interest income	(1,707,316)	-1%	(2,374,833)	-1%	(3,634,501)	-2%	(3,991,142)	-2%	(12,174,725)	
Unrealised foreign exchange gains	-	0%	-	0%	(6,943,306)	-4%	(11,525,177)	-7%	75,179	
Gain/(Loss) on disposal of PPE	(5,476,774)	-4%	36,046	0%	(1,519,087)	-1%	(4,500,000)	-3%	(4,371,233)	
Gain on disposal of investments	-	0%	-	0%	(13,208,345)	-8%	-	0%	(3,608)	
	115,373,459	81%	135,995,982	52%	165,994,583	95%	287,484,609	171%	255,083,628	
Changes in operating assets and liabilities										
Inventories	28,323,244	20%	150,524,088	57%	(308,983,997)	-178%	(188,312,967)	-112%	(134,675,473)	
Receivables	(2,483,247)	-2%	(17,756,957)	-7%	(51,323,427)	-30%	(46,306,083)	-28%	(39,064,256)	
Taxation	-	0%	-	0%	-	0%	-	0%	-	
Related parties	32,733,879	23%	118,983,218	45%	(3,351,285)	-2%	(90,436,925)	-54%	(92,749,543)	
Director's loan	(80,520)	0%	2,163,107	1%	5,000,000	3%	(5,000,000)	-3%	-	
Short term loan	-	0%	-	0%	-	0%	-	0%	-	
Payables	(23,240,290)	-16%	(77,008,078)	-29%	219,519,171	126%	61,636,040	37%	28,272,361	
Cash (used)/provided by operating activities	150,626,525	105%	312,901,360	119%	26,855,045	15%	19,064,674	11%	16,866,717	
Interest received	1,707,316	1%	2,374,833	1%	3,634,501	2%	3,991,142	2%	12,174,725	
Interest paid	(5,993,208)	-4%	(26,111,669)	-10%	(35,158,227)	-20%	(51,239,965)	-30%	(74,560,044)	
Taxation recovered / (paid)	(2,441)	0%	(17,364,710)	-7%	(6,456,405)	-4%	(2,580,706)	-2%	(90,675)	
Net cash (used)/provided by operations	146,338,192	102%	271,799,814	104%	(11,125,086)	-6%	(30,764,855)	-18%	(45,609,277)	
Cash flows from investing activities										
Investments encashed/ Issuing of shares	-	0%	-	0%	(50,000,000)	-29%	4,500,000	3%	7,612,500	
Proceeds for the sale of investments	-	0%	-	0%	63,208,345	36%	-	0%	-	
Proceeds from sale of property plant and equipment	10,000,000	7%	50,001	0%	3,800,000	2%	-	0%	6,762,907	
Acquisition of subsidiary	-	0%	-	0%	-	0%	-	0%	(58,828,196)	
Investment in joint venture	-	0%	-	0%	(5,000,000)	-3%	-	0%	-	
Purchase of property plant and equipment	(21,992,490)	-15%	(114,717,193)	-44%	(49,440,572)	-28%	(18,297,783)	-11%	(48,622,300)	
Net cash provided by/(used in) investing activities	(11,992,490)	-8%	(114,667,192)	-44%	(37,432,227)	-22%	(13,797,783)	-8%	(93,075,089)	
Cash flows from financing activities										
Loan received or bond raise	300,000,000	209%	100,000,000	38%	-	0%	200,000,000	119%	278,070,544	
Repayment of long-term loan	(10,113,950)	-7%	-	0%	-	0%	(20,000,000)	-12%	(45,549,584)	
Proceeds from issuing share capital	-	0%	156,305,300	60%	-	0%	-	0%	-	
Payment of lease liabilities	-	0%	(14,174,189)	-5%	(27,116,337)	-16%	(15,880,378)	-9%	(20,509,982)	
Dividends paid	-	0%	-	0%	(13,000,000)	-7%	(25,264,557)	-15%	(52,000,000)	
Loan or bond repaid principal	(359,569,894)	-251%	(280,000,000)	-107%	-	0%	(100,000,000)	-59%	-	
Net cash provided by financing activities	(69,683,844)	-49%	(37,868,889)	-14%	(40,116,337)	-23%	38,855,065	23%	160,010,978	
Net increase/(decrease) in cash and cash equivalents	64,661,858	45%	119,263,733	45%	(88,673,650)	-51%	(5,707,573)	-3%	21,326,612	
Cash & cash equivalents at beginning of the period	78,576,976	55%	143,238,834	55%	262,502,567	151%	173,828,917	103%	168,121,344	
Cash & cash equivalents at end of the period	143,238,834	100%	262,502,567	100%	173,828,917	100%	168,121,344	100%	189,447,956	
Comprising of:										
Cash and cash equivalents	143,238,834	100%	262,502,567	100%	173,828,917	100%	168,121,344	100%	189,447,956	
	143,238,834	100%	262,502,567	100%	173,828,917	100%	168,121,344	100%	189,447,956	

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

REVENUE
\$2.8B
↑
YOY Increase
6.7%

GROSS PROFIT
\$876.2M
↑
YOY Increase
12.9%

DIVIDENDS PAID
\$52M
↑
YOY Increase
100%

SHAREHOLDERS EQUITY
1.1B%
↑
YOY Increase
5.9%

“ Embody exceptional service and safety. ”

CORE VALUE #2

Section 5

GOVERNANCE

Board of Directors

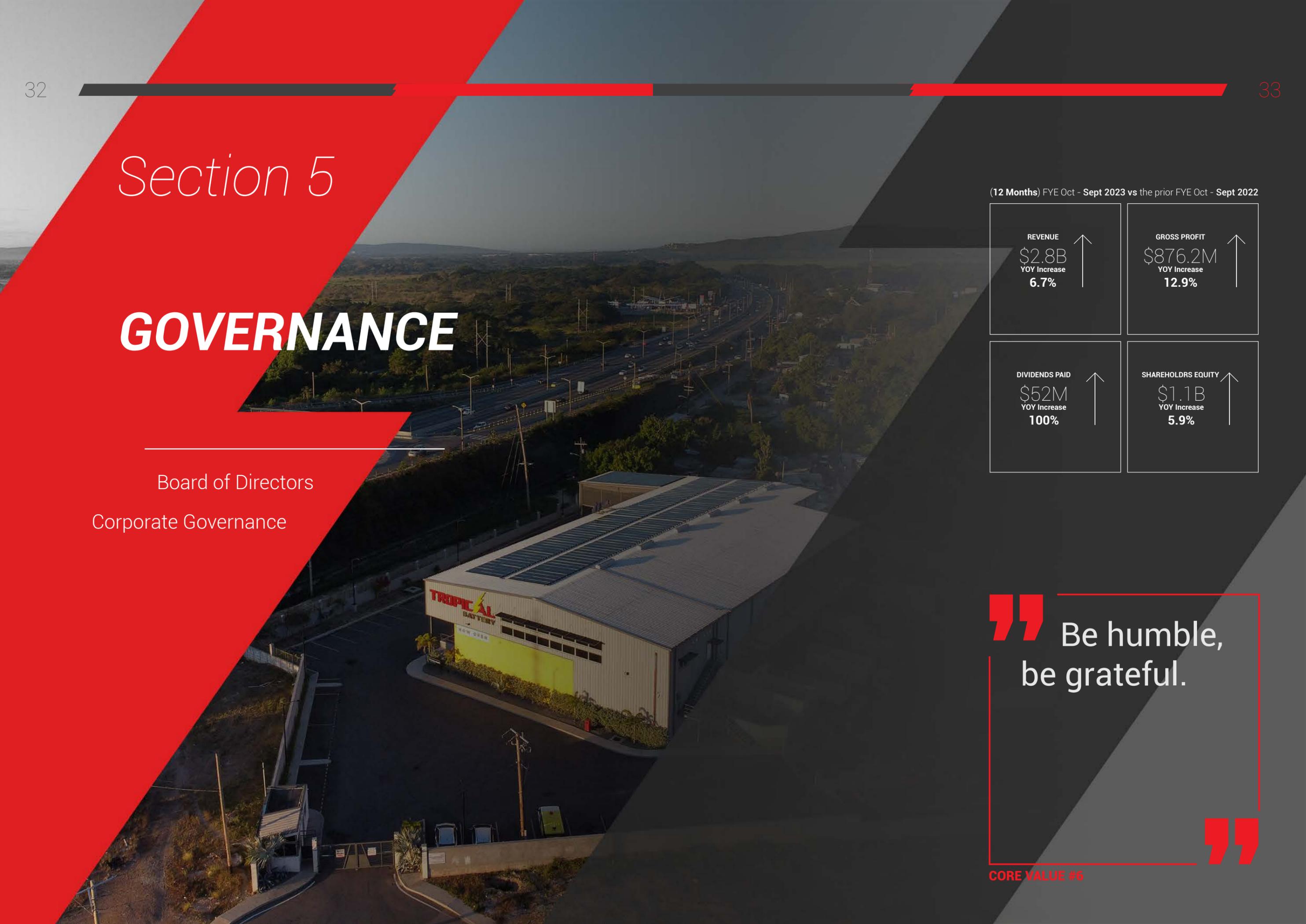
Corporate Governance

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022



“ Be humble,
be grateful.”

CORE VALUE #6



REVENUE \$2.8B ↑ YOY Increase 6.7%	GROSS PROFIT \$876.2M ↑ YOY Increase 12.9%	DIVIDENDS PAID \$52M ↑ YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% ↑ YOY Increase 5.9%
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BOARD OF DIRECTORS

MARC MELVILLE, O.D.
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
Chief Executive Officer



Alexander Melville is the Managing Director of Tropical Battery, and has more than 26 years of industry work experience in the 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)

DANIEL MELVILLE JR
Chief Operating Officer



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.

REVENUE	GROSS PROFIT	DIVIDENDS PAID	SHAREHOLDERS EQUITY
\$2.8B	\$876.2M	\$52M	1.1B%
↑ YOY Increase 6.7%	↑ YOY Increase 12.9%	↑ YOY Increase 100%	↑ YOY Increase 5.9%

BOARD OF DIRECTORS

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 moot team at the Norman Manley Law School.

CORPORATE GOVERNANCE

Role, Structure & Composition of The Board

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

The board ensures the adequacy of financial and operational systems and internal control. In addition, it ensures that the Corporate Governance Policy is adhered to. The Corporate Governance Policy is available on the website at <https://www.tropicalbattery.com/content/investor-relations>

Composition of The Board

The Board's composition is governed by the Articles of Incorporation of TROPICAL and is a mix of diversity, independence, skills, and expertise to promote objectivity in decision-making, with a high level of professional skills and suitable personal qualities required for directorships. As of September 30, 2023, the Board comprised of six directors. There are three non-executive directors (one of whom is considered independent) as well as three executive directors, namely the Chairman, Managing Director, and Deputy Managing Director.

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

- **Executive Director –**
An employee of the company who handles aspects of the company's day-to-day operations.
- **Non-Executive Director –**
Director who does not hold the position of executive director.

CORPORATE GOVERNANCE (CONTINUED)

Independent Director - A director who:

- a) hold no interest, position, association, or relationship that might influence or reasonably be perceived to influence any material respect for his or her ability to apply independent judgment to issues before the board and to act in the best interest of the company and its shareholders;
- c) does not represent a substantial shareholding of TROPICAL;
- d) Has no close relatives who are significant shareholders of TROPICAL; and
- d) does not have an employment relationship with TROPICAL or its parent companies.

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

The Board has established an Audit and Risk Committee, and a Remuneration Committee, 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 & 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

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022



Wardwell in New York. He holds a Master of Public Policy degree from Harvard University and a Bachelor of Arts degree in Economics from Washington University. Mr. Hall has served as a director of the Bank of Jamaica, the Jamaica Stock Exchange, JAMPRO, the National Housing Trust and the Institute of Jamaica.

Audit Committee

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

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

The main activities undertaken by the Committee during FY2023:

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

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

CORPORATE GOVERNANCE (CONTINUED)

selection of KPMG as our external auditor for the 2023/2024 financial year at our next Annual General Meeting scheduled in April 25, 2024.

Transparency & Accountability

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

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

REVENUE \$2.8B YOY Increase 6.7%	GROSS PROFIT \$876.2M YOY Increase 12.9%	DIVIDENDS PAID \$52M YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% YOY Increase 5.9%
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Meeting & Attendance at Board and Committee Meetings

Meetings have continued to take place virtually and in person, with Directors receiving meeting packages via email. These packages include agendas, minutes, and other materials for the meeting. Directors reviewed and discussed the items in these packages prior to the meeting.

Name of Director / *Manager	Executive (E)/ Non- Executive (NE)	Board	Audit Committee	Date of Appointment to Board
Caryl Fenton	NE	3/4	3/4	13 January 2020
Marc Ramsay	NE	3/4	N/A	13 January 2020
Ricardo Hutchinson	NE	4/4	4/4	02 June 2017
Marc Melville	E	4/4	N/A	01 April 1996
Alexander Melville	E	4/4	4/4	01 April 1996
Daniel Melville	E	4/4	N/A	19 May 2004
*Reshando Mais			4/4	13 January 2020

Section 6

BUSINESS LEADERSHIP

Leadership Team



(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

<p>REVENUE</p> <p>\$2.8B</p> <p>YOY Increase</p> <p>6.7%</p>	<p>GROSS PROFIT</p> <p>\$876.2M</p> <p>YOY Increase</p> <p>12.9%</p>
<p>DIVIDENDS PAID</p> <p>\$52M</p> <p>YOY Increase</p> <p>100%</p>	<p>SHAREHOLDERS EQUITY</p> <p>\$1.1B</p> <p>YOY Increase</p> <p>5.9%</p>

“ Embrace change; keep learning, growing and sharing. ”

CORE VALUE #10

REVENUE \$2.8B ↑ YOY Increase 6.7%	GROSS PROFIT \$876.2M ↑ YOY Increase 12.9%	DIVIDENDS PAID \$52M ↑ YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% ↑ YOY Increase 5.9%
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LEADERSHIP TEAM

RESHANDO MAIS
Chief 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.

REVENUE \$2.8B ↑ YOY Increase 6.7%	GROSS PROFIT \$876.2M ↑ YOY Increase 12.9%	DIVIDENDS PAID \$52M ↑ YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% ↑ YOY Increase 5.9%
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LEADERSHIP TEAM

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.

JEFFREY BROWN
IT Manager



Jeffrey Brown is a seasoned IT professional with over 18 years of experience in managing and maintaining complex network infrastructure, hardware, and software systems. Throughout his career, he has demonstrated a strong ability to support and optimize operations for a variety of organizations in Jamaica.

Jeffrey has been with Tropical Battery since February 2023, he oversees the entire IT infrastructure, administers LAN and wireless (WAN) networks, and leads project management initiatives.

Jeffrey's career trajectory demonstrates a deep dedication to the IT field. He has consistently developed his skills and taken on increasingly complex roles, showcasing his ability to adapt and thrive in different environments. With his comprehensive knowledge, technical expertise, and leadership qualities, Jeffrey Brown is a valuable asset to any organization requiring a reliable and efficient IT manager.

OLIVER HILL
CEO, Tropical Renewable Energy



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

KARINA CHEZ
CEO, KAYA Energy Group



Mrs. Karina Chez brings extensive business management and international trade experience to the KAYA team. She is a strategic visionary driving the company's growth into the future.

Karina is a sought-after international speaker who has presented on topics including solar energy, entrepreneurship, women's leadership, and climate change.

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

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

LEADERSHIP TEAM

ANDREW CRAMER
COO, KAYA Energy Group



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

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

In 2017, Andrew was selected to be among 90 thought leaders from around the world to participate in a program – funded by Google and based on the NASA Ames Research Facility in Silicon Valley – to examine how exponential technologies can be leveraged to address the negative impacts of climate change.

Andrew has a degree in Environmental Sciences from Loyola University Chicago and a Master of International Affairs from Columbia University.

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

REVENUE	GROSS PROFIT	DIVIDENDS PAID	SHAREHOLDERS EQUITY
\$2.8B	\$876.2M	\$52M	1.1B%
↑ YOY Increase 6.7%	↑ YOY Increase 12.9%	↑ YOY Increase 100%	↑ YOY Increase 5.9%

“ Embrace change; keep learning, growing and sharing. ”

CORE VALUE #10

Section 7

Management Discussion & Analysis

Industry Overview

Statement of financial
position

Income statement

Cash flow
statement

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

<p>REVENUE</p> <p>\$2.8B</p> <p>YOY Increase</p> <p>6.7%</p>	<p>GROSS PROFIT</p> <p>\$876.2M</p> <p>YOY Increase</p> <p>12.9%</p>
<p>DIVIDENDS PAID</p> <p>\$52M</p> <p>YOY Increase</p> <p>100%</p>	<p>SHAREHOLDERS EQUITY</p> <p>\$1.1B</p> <p>YOY Increase</p> <p>5.9%</p>

“ Have fun;
be happy in
the present.

CORE VALUE #9

MANAGEMENT DISCUSSION & ANALYSIS

Industry Outlook

The outlook for the renewable energy, speciality battery, and battery storage industries in 2024 is shaped by multiple promising trends, with strategic investments and policy initiatives playing pivotal roles.

In the renewable energy sector, particularly solar and storage, the U.S. has seen a significant influx of investment catalysed by the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). These have led to a remarkable growth trajectory, with utility-scale solar installations reaching 9 gigawatts (GW) in the first eight months of 2023, a 36% increase from the same period in 2022. The U.S. Energy Information Administration anticipates renewable deployment will grow by 17% to 42 GW in 2024, suggesting a sustained upward trend. Deloitte's insights further affirm that the renewables industry will likely benefit from historic investments, with corporate procurement of renewable energy expected to rise as companies strive to meet decarbonisation targets (Deloitte, 2023; U.S.

Department of Energy, 2023).

The focus on reshoring supply chains could enhance resilience and reduce dependencies, potentially bolstering the domestic production of renewable energy components. This reshoring is expected to start as soon as 2024, which could fortify the supply chains for solar, wind, storage, and green hydrogen deployment (Deloitte, 2023).

Workforce development is also highlighted as a critical area, with initiatives aiming to reskill workers to support the growing renewable sector. Generative AI is projected to reshape talent needs, as the demand for clean electricity could increase five- to sevenfold, particularly in data centre operations (Deloitte, 2023).

For the speciality battery and battery storage industry, the U.S. installed approximately 15.1 gigawatt-hours (GWh) of energy storage onto the electric grid in the first nine months of 2023, marking a 40% year-over-year growth. This aligns with the broader trend of integrating energy storage with renewable solutions to enhance resilience, especially in the face of increasing extreme weather events (U.S. Department of Energy, 2023).

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The International Energy Agency highlights the continued growth in renewable power capacity, with solar photovoltaic (PV) leading the surge. The IEA report also notes that the increase in renewable energy by 2024 is expected to displace nearly 8 billion cubic meters of gas consumption annually in EU buildings (International Energy Agency, 2023).

The renewable energy and battery storage industries are poised for significant expansion in 2024, supported by strategic policy measures, investment flows, technological advances, and a focused effort on building a skilled workforce. These developments are critical as Tropical Battery Company Limited continues to refine its capital management processes and leverage these trends to enhance shareholder value.

Statement of financial position

Tropical Battery Company Limited's financial position as of September 30, 2023, exhibits a robust and progressive outlook. The

company witnessed a healthy expansion in current assets, increasing by 22% to \$1.99 billion. This growth is underpinned by a significant 19% increase in accounts receivable, suggesting a strong market demand and effective credit management. Inventories saw a substantial 21% increase, indicating an active response to market opportunities and inventory build-up in anticipation of future sales growth.

The strategic management of liabilities reveals prudent financial stewardship. The increase in current liabilities reflects the movement of \$300 million from our long-term loan facilities to the current portion of long-term loans. The company's liquidity remains balanced, as reflected in the positive \$1.1 billion net current assets, representing 2.3 times current assets to current liabilities.

The non-current asset base grew by 14%, with the company recognising goodwill amounting to \$61 million, illustrating the acquisition of valuable intangible assets expected to generate future economic benefits. Total shareholder equity improved

REVENUE \$2.8B ↑ YOY Increase 6.7%	GROSS PROFIT \$876.2M ↑ YOY Increase 12.9%	DIVIDENDS PAID \$52M ↑ YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% ↑ YOY Increase 5.9%
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MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

increase in retained earnings, which signifies a substantial retention of profits to support future growth and shareholder value enhancement.

The company's equity and liabilities maintained a stable balance of \$1.60 billion. The slight shift towards increased long-term investments and a strengthened equity base indicates a strategic emphasis on sustainable growth and long-term stakeholder returns. The financial statements reflect a company that is effectively navigating its growth trajectory while maintaining a solid economic structure, positioning itself for continued success in the future.

Income Statement

Tropical Battery Company Limited's profit and loss statement for the year ended September 30, 2023, indicates a solid performance amidst a challenging environment. Gross operating revenue increased by approximately 7% to \$2.80

billion in 2023, demonstrating the company's ability to grow sales and expand its market presence.

The cost of operating revenue also rose, but at a slightly slower pace, resulting in an improved gross profit of \$876 million, an increase of 13% compared to the previous year. This suggests the company can effectively control the costs associated with increased sales, leading to a higher gross profit margin.

Administrative, marketing, and selling expenses increased by 23%, a substantial rise. Still, it must be evaluated against revenue growth and potential strategic investments in marketing and expansion efforts. Operating profit experienced a slight reduction of 7% to \$246 million, validating that the increase in operating expenses outpaced the growth in gross profit.

Total EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) decreased by 7% to \$258 million, which reflects the company's operational profitability before non-cash expenses and financing effects are considered.

Depreciation costs increased by 6% due to investment in new assets essential for long-term growth.

The profit before tax decreased 27% to \$145 million, primarily affected by increased finance costs and depreciation. The profit after tax decreased by 29% to \$140 million. This translates to an earnings per share (EPS) of \$0.10, down from \$0.15 in the previous year, indicating a decrease in profitability per share.

Despite a decrease in the bottom-line figures, the company has shown resilience with its revenue growth and has maintained profitability. Including non-controlling interest at \$4.64 million suggests expansion or partnership ventures, which could be strategic moves for long-term growth. The negative other comprehensive income of \$44 million highlights the impact of external factors or accounting adjustments, which may not necessarily reflect operational performance.

Overall, the financial statement portrays a company expanding its operations and investing in its future, albeit with short-term reductions in profitability metrics. The

company's solid revenue base and strategic initiatives will support its long-term growth objectives and increase shareholder value.

Cash Flow Statement

The cash flow statement for Tropical Battery Company Limited for the fiscal year ending September 30, 2023, underscores the company's financial efficacy and liquidity management. The firm posted a net profit of \$140 million after tax, a decrease from the previous year's \$197 million. Given the strategic investments and expansions noted in other financial reports, this is an expected outcome.

Reconciliation adjustments to net profit reveal a proactive asset management and cost control approach. Depreciation expenses increased slightly by 6% to \$57 million, reflecting ongoing investments in property, plant, and equipment vital for long-term growth. The company's interest expenses rose by 47% to \$62 million due to increased borrowing necessary for

REVENUE
\$2.8B
↑
YOY Increase
6.7%

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↑
YOY Increase
5.9%

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

expansion activities and lower foreign exchange gains than the prior year.

The operating assets and liabilities changes show a strategic realignment, with inventories and receivables being closely managed. This is apparent in the reduced cash tied up in inventories by 28% and a more moderate increase in receivables. The cash provided by operating activities stood at \$17 million, a slight decrease from the previous year, suggesting a still-positive cash flow generation from the company's core operations.

Investing activities reflect a dynamic approach to growth, with the company liquidating some investments and reinvesting in its core business. The net cash in investing activities increased significantly to \$93 million, indicative of the company's commitment to scaling operations and enhancing productive capacity.

Financing activities demonstrate the company's robust financial management, marked by a net cash inflow of \$160 million, a substantial increase from the previous

year. This was primarily due to a significant bond raise or loan receipt of \$278 million, offset by responsible servicing of liabilities, including loan repayments, lease liabilities, and dividend payments.

The net increase in cash and cash equivalents was \$21 million, a notable improvement from the previous year's decrease. This signifies a strong liquidity position, ending the year with \$189 million in cash and equivalents, which positions the company well for future opportunities and challenges.

Overall, the cash flow statement paints a picture of a financially sound company that is actively managing its resources to support its operations and strategic initiatives while also providing returns to its stakeholders by doubling the dividends paid to \$52 million, representing \$0.04 per share versus \$0.02 per share paid in the prior year. The financial activities during the year have positioned Tropical Battery Company Limited for sustained growth and financial stability.

References

Deloitte, 2023. 2024 renewable energy industry outlook. [online] Deloitte Insights. Available at: <https://www2.deloitte.com> [Accessed 4 March 2024].

International Energy Agency, 2023. IEA Renewable Energy Market Update Outlook for 2023 and 2024 published. [online] BUILD UP. Available at: <https://build-up.ec.europa.eu> [Accessed 4 March 2024].

U.S. Department of Energy, 2023. Quarterly Solar Industry Update. [online] Available at: <https://www.energy.gov> [Accessed 4 March 2024].

These references provide insights into the future trends and projections for the renewable energy sector, including the solar and battery storage industries.

Section 8

CORPORATE SOCIAL RESPONSIBILITY

Environmental Responsibility

Ethical Responsibility

Philanthropic Responsibility

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

<p>REVENUE</p> <p>\$2.8B</p> <p>YOY Increase 6.7%</p>	<p>GROSS PROFIT</p> <p>\$876.2M</p> <p>YOY Increase 12.9%</p>
<p>DIVIDENDS PAID</p> <p>\$52M</p> <p>YOY Increase 100%</p>	<p>SHAREHOLDERS EQUITY</p> <p>\$1.1B</p> <p>YOY Increase 5.9%</p>

” Commit to helping others and our communities.

”

CORE VALUE #7

CORPORATE SOCIAL RESPONSIBILITY

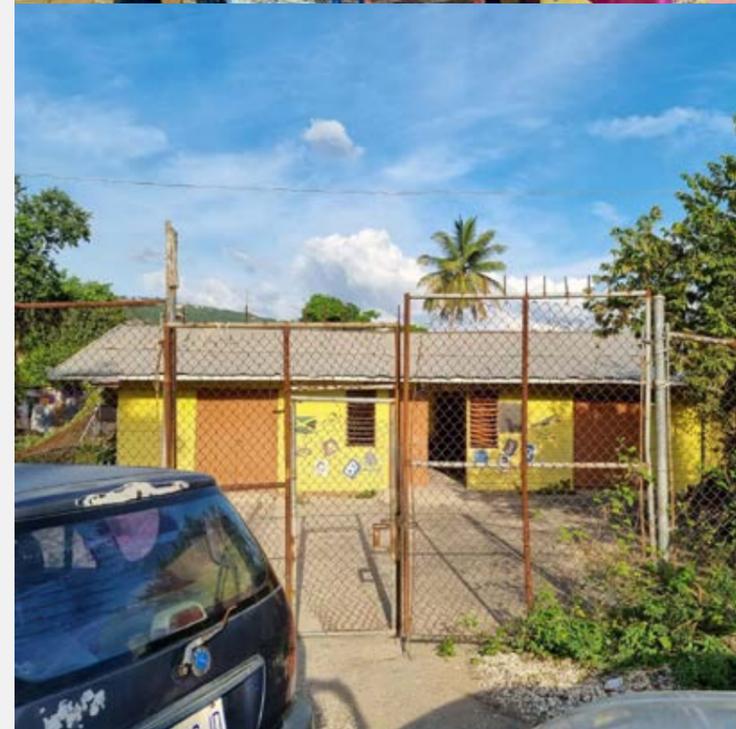
Tropical Battery is committed to sustainable and responsible business practices. The preservation of a sustainable environment is at the heart of our commitment to corporate social responsibility. We actively work towards reducing our carbon footprint as an organization, recognizing the importance of environmental conservation. One of our key initiatives involves preventing the improper disposal or use of spent batteries, as we understand the environmental impact such practices can have.

In addition to our environmental focus, we uphold ethical responsibilities to our team members and stakeholders. Our actions and decisions are aligned with our core values, ensuring that integrity and transparency are at the forefront of our operations. We prioritize the well-being of our employees and maintain open and honest communication with all stakeholders, fostering trust and collaboration. Furthermore, Tropical Battery engages in philanthropic endeavors, particularly in the realm of early childhood education and supporting communities in need. We believe

in giving back to society and making a positive impact on the lives of those less fortunate. Through our philanthropic efforts, we aim to contribute to the betterment of society, addressing social challenges and promoting a brighter future for all. Our commitment to sustainability, ethical responsibility, and philanthropy reflects the core values that define Tropical Battery. We strive to be a socially responsible entity that not only excels in business but also actively contributes to the well-being of the environment and the communities we serve.

ENVIRONMENTAL RESPONSIBILITY

Tropical Battery's "Going Green" initiative demonstrates a strong commitment to environmental sustainability and responsibility. The company has established partnerships with diverse industries, including hospitals and bauxite enterprises, to effectively collect over 50,000 units of spent batteries during the reporting period. Additionally, the "Give & Get" promotion encourages customers to return used



batteries for recycling, fostering a culture of environmental stewardship at all retail locations.

Furthermore, Tropical Battery has taken significant steps to enhance operational efficiency and environmental responsibility through professional training and certification in the International Organization for Standardization (ISO) environmental management systems, specifically ISO 14001 and OHSAS 18001:2007. These certifications are aimed at aligning the company's operational performance with international standards and regulations.

In a proactive effort to reduce its carbon footprint, Tropical Battery has invested in a battery energy storage system for its PV panels at the Ferry location. This system enables the storage of solar-generated energy for daily operations, significantly reducing reliance on traditional fuel-driven energy sources from local suppliers. Notably, this investment has led to a more than 50% reduction in energy expenses for the reporting period.

Images of the Tropical Battery Team at Ferry Basic School 2023

ETHICAL RESPONSIBILITY

Tropical Battery demonstrated a proactive approach in addressing and managing new risks identified during the financial year that had the potential to impact our operations. Specifically, concerns about an increase in the inflation rate and a labor shortage were recognized, prompting our management team to take decisive actions. To counteract the potential effects of inflation on our team members, a thorough salary review exercise was conducted. This was aimed at ensuring fair compensation and maintaining the financial well-being of our workforce.

Simultaneously, our Human Resources Department played a crucial role in addressing labor-related challenges. They actively coordinated staff engagement activities, implemented succession planning strategies, and focused on talent retention initiatives. These measures were integral in fostering a positive workplace environment and ensuring the stability of our workforce.

The health and safety of our team members have always been paramount. To address potential hazards, lead testing is conducted bi-annually for those working in hazardous departments. We continuously emphasize

the importance of working safely and adhering to safety policies and procedures through ongoing dialogues and training sessions. In an effort to enhance emergency response capabilities, CPR training and certification were completed for 30 team members across various departments, empowering them to respond effectively in case of emergencies.

Given the unprecedented rise in temperatures recorded in 2023, fire prevention and readiness became a top priority. Fire drills were conducted, and we underwent assessment by the Jamaica Fire Brigade. The commendable response time to alarms and the effective execution of duties by our Fire Wardens were recognized. Furthermore, our fire prevention systems underwent thorough inspection to confirm functionality, and water storage optimization measures were implemented to ensure readiness for any potential fire incidents.

Employee well-being remains a core value at Tropical Battery Company, and we actively promote it through annual "Employee Wellness Fairs." During these events, team

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PHILANTHROPIC RESPONSIBILITY

members have access to free medical checks, lab testing, eye and oral examinations on-site. Lifestyle coaches are present to educate the team about the importance of a healthy diet and an active lifestyle, contributing to the overall well-being of our workforce. These comprehensive efforts reflect our commitment to proactively managing risks, ensuring the safety of our team, and prioritizing the holistic well-being of our employees.

The engagement of the Tropical Battery team in the eagerly awaited Sagikor Sigma Run 2023 marked a significant and impactful initiative for our company. Enthusiastically participating in this charitable run, our team dedicated their time and effort to contribute to a noble cause. The primary objective was to raise funds that would subsequently be donated to the Kingston Public Hospital, aiming to support the acquisition of essential medical equipment.



The Tropical Battery Team at the 2023 Sagikor Sigma Run

Section 9

KAYA SIGNING

Tropical Battery Acquires 51% Stake in Dominican Republic-based KAYA Energy Group.

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

<p>REVENUE</p> <p>\$2.8B</p> <p>YOY Increase 6.7%</p>	<p>GROSS PROFIT</p> <p>\$876.2M</p> <p>YOY Increase 12.9%</p>
<p>DIVIDENDS PAID</p> <p>\$52M</p> <p>YOY Increase 100%</p>	<p>SHAREHOLDERS EQUITY</p> <p>\$1.1B</p> <p>YOY Increase 5.9%</p>

“ Tropical Battery Group now boasts over **300 successful solar installations** across the Caribbean region. This significant milestone stands as a testament to the invaluable expertise garnered from KAYA Energy Group's distinguished 12-year tenure in the industry. ”

REVENUE \$2.8B ↑ YOY Increase 6.7%	GROSS PROFIT \$876.2M ↑ YOY Increase 12.9%	DIVIDENDS PAID \$52M ↑ YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% ↑ YOY Increase 5.9%
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TROPICAL BATTERY ACQUIRES 51% STAKE IN DOMINICAN REPUBLIC-BASED KAYA ENERGY GROUP

Tropical Battery Company Limited (JSE: TROPICAL) has signed and closed the 51% acquisition of shares in Dominican Republic-based solar photovoltaic engineering, procurement and construction company KAYA Energy Group for a combination of cash and shares. The transaction closed at midnight on March 31, 2023, and was approved by the regulatory authorities in Jamaica and the Dominican Republic.

KAYA Energy Group

is a Santo Domingo-based engineering procurement and construction company providing renewable energy solutions to residential, commercial, and industrial customers since 2010.

The acquisition of KAYA advances Tropical Battery's strategy of diversifying its product and service offering and extending its geographical footprint across the Caribbean Basin. The deal expands the addressable market for solar power and energy storage equipment distributed under Tropical Battery's Tropical Renewable Energy division fourfold. It will also enable a vertical integration of Tropical Energy's business with KAYA's design, engineering, installation and maintenance expertise.

KAYA Energy Group management will remain at the helm of the acquired company for the foreseeable future as it is integrated with Tropical Renewable Energy. The deal is expected to be accretive to Tropical Battery earnings in FY2023.



Left: Alexander Melville – CEO – Tropical Battery Company Ltd.
Right: Karina Chez – CEO – Kaya Energy Group

Section 10

FINANCIAL STATEMENTS

Tropical Battery Company Limited

FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

<p>REVENUE</p> <p>\$2.8B</p> <p>YOY Increase 6.7%</p>	<p>GROSS PROFIT</p> <p>\$876.2M</p> <p>YOY Increase 12.9%</p>
<p>DIVIDENDS PAID</p> <p>\$52M</p> <p>YOY Increase 100%</p>	<p>SHAREHOLDERS EQUITY</p> <p>\$1.1B</p> <p>YOY Increase 5.9%</p>

“ Honesty and respect; will get us much further ahead. ”

CORE VALUE #3



KPMG
Chartered Accountants
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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 separate financial statements of Tropical Battery Company Limited (“the Company”) and the consolidated financial statements of the company and its subsidiary (“the Group”), set out on pages 7 to 66, which comprise the Company’s and Group’s statement of financial position as at September 30, 2023, 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’s and Group’s as at September 30, 2023, and of the Company’s and Group’s financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) 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.

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

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers
Nyssa A. Johnson
Wilbert A. Spence
Sandra A. Edwards
Karen Ragoobirsingh
Al A. Johnson
Damion D. Reid



Page 2

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
TROPICAL BATTERY COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter

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

Acquisition of Subsidiary

Key audit matter	How the matter was addressed in our audit
<p>On April 1, 2023, the Group acquired 51 percent of Kaya Energy Group, SRL for consideration of \$69 million.</p> <p>The transaction is considered to be a key audit matter due to the size of the acquisition having a significant impact on the Group’s financial statements thus requiring significant audit effort.</p> <p><i>See notes 2(c) and 28 of the financial statements.</i></p>	<p>In performing our audit in respect of this matter, in the main, we performed the following procedures:</p> <ul style="list-style-type: none"> Examined the purchase and shareholder’s agreement to understand the terms of the acquisition and the nature of the assets and liabilities acquired. Evaluated the adequacy of disclosures in the financial statement by evaluating whether they are in accordance with the IFRS Standards. In particular, we evaluated the adequacy of the disclosures in showing key judgments made by the group based on our cumulative audit knowledge and our understanding of the specific acquisition transaction. We evaluated the reasonableness of internal forecasts and discounted cash flow calculations, by reference to our cumulative audit knowledge, external economic and market factors impacting the company and our knowledge of the industry.



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 consolidated financial statements, management is responsible for assessing the Group'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 Group'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)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Chartered Accountants
Kingston, Jamaica

February 27, 2024



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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)

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

- Obtain sufficient appropriate audit evidence regarding the financial information if the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

TROPICAL BATTERY COMPANY LIMITED

Company Statement of Financial Position
September 30, 2023

	Notes	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	4	181,506,788	168,121,344
Accounts receivable	5	389,925,796	398,821,383
Due from related companies	6(b)	319,813,663	247,837,424
Due from parent company	6(c)	44,158,531	23,385,227
Inventories	7	930,146,821	795,126,010
Taxation recoverable		818,484	727,809
		<u>1,866,370,083</u>	<u>1,634,019,197</u>
CURRENT LIABILITIES			
Accounts payable	8	378,551,164	380,700,793
Current portion of lease liabilities	12(b)	25,680,587	17,442,276
Current portion of long-term loan	18	350,827,679	40,000,000
		<u>755,059,430</u>	<u>438,143,069</u>
NET CURRENT ASSETS		<u>1,111,310,653</u>	<u>1,195,876,128</u>
NON-CURRENT ASSETS			
Intangible assets	10(a)	38,133,005	38,133,005
Property, plant and equipment	11	173,142,055	161,038,380
Right of use assets	12(a)	164,703,065	132,897,745
Employee benefits asset	13	13,866,000	68,619,000
Interest in subsidiary	14	69,140,665	-
Interest in joint venture	6(d)	5,000,000	5,000,000
		<u>463,984,790</u>	<u>405,688,130</u>
		<u>\$1,575,295,443</u>	<u>1,601,564,258</u>
Represented by:			
SHAREHOLDERS' EQUITY			
Share capital	16	164,287,800	156,675,300
Capital contribution	17	459,207,861	459,207,861
Accumulated profit		<u>425,824,566</u>	<u>391,927,213</u>
		<u>1,049,320,227</u>	<u>1,007,810,374</u>
NON-CURRENT LIABILITIES			
Lease liabilities	12(b)	154,793,061	128,124,434
Long-term loans	18	367,494,274	452,051,258
Deferred tax liability	15	3,687,881	13,578,192
		<u>525,975,216</u>	<u>593,753,884</u>
		<u>\$1,575,295,443</u>	<u>1,601,564,258</u>

The financial statements, on pages 7 to 66, were approved for issue by the Board of Directors on February 27, 2024 and signed on its behalf by:


Director
Marc Melville


Director
Alexander Melville

TROPICAL BATTERY COMPANY LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended September 30, 2023

	Notes	2023	2022
Gross operating revenue	19	2,719,853,937	2,625,322,327
Cost of operating revenue	20(a)	(1,864,625,864)	(1,849,274,283)
Gross profit		<u>855,228,073</u>	<u>776,048,044</u>
Administration, marketing and selling expenses	20(b)	(621,316,720)	(511,900,970)
Operating profit		233,911,353	264,147,074
Other income	20(c)	12,328,881	12,832,950
Profit before depreciation, net finance costs and taxation	20(d)	246,240,234	276,980,024
Depreciation	11,12	(55,832,967)	(53,706,335)
Profit before net finance costs and taxation		<u>190,407,267</u>	<u>223,273,689</u>
Interest income recognised using the effective interest rate method		12,174,725	3,991,142
Finance costs		(90,269,918)	(71,362,810)
Finance income		22,991,968	41,573,656
Net finance costs	21	(55,103,225)	(25,798,012)
Profit before taxation		135,304,042	197,475,677
Taxation	22	(4,933,939)	(462,155)
Profit for the year		<u>130,370,103</u>	<u>197,013,522</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain on employee benefit assets	13(f)	(59,297,000)	14,565,000
Related taxation on re-measurement	15(b)	14,824,250	(3,641,250)
Other comprehensive income, net of tax		<u>(44,472,750)</u>	<u>10,923,750</u>
Total comprehensive income for the year		<u>\$ 85,897,353</u>	<u>207,937,272</u>
Earnings per stock unit	23	<u>10.0¢</u>	<u>15.2¢</u>

TROPICAL BATTERY COMPANY LIMITED

Company Statement of Changes in Shareholders' Equity
Year ended September 30, 2023

	Share Capital (note 16)	Capital contribution (note 17)	Accumulated profit	Total
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>	<u>197,013,522</u>
Total comprehensive income	-	-	<u>207,937,272</u>	<u>207,937,272</u>
Transaction with owners of the company: Dividends (note 24)	-	-	(26,000,000)	(26,000,000)
Total comprehensive income	-	-	<u>181,937,272</u>	<u>181,937,272</u>
Balances as at September 30, 2022	156,675,300	459,207,861	391,927,213	1,007,810,374
Other comprehensive income:				
Re-measurement income on employee benefit asset, net of taxation	-	-	(44,472,750)	(44,472,750)
Profit for the Year	-	-	<u>130,370,103</u>	<u>130,370,103</u>
Total comprehensive income	-	-	<u>85,897,353</u>	<u>85,897,353</u>
Transaction with owners of the company:				
Issue of Shares	7,612,500	-	-	7,612,500
Dividends (note 24)	-	-	(52,000,000)	(52,000,000)
Balances as at September 30, 2023	<u>\$164,287,800</u>	<u>459,207,861</u>	<u>425,824,566</u>	<u>1,049,320,227</u>

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

TROPICAL BATTERY COMPANY LIMITED

Company Statement of Cash Flows
Year ended September 30, 2023

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		130,370,103	197,013,522
Adjustment to reconcile net profit for the year to net cash used by operating activities:			
Employee benefits		(4,544,000)	353,000
Depreciation	11,12	55,832,967	53,706,335
Taxation expense	22	4,933,939	462,155
Interest on loans	21	60,664,115	42,395,533
Interest on lease liabilities	21	12,398,162	11,547,593
Amortisation of debt issuance costs		-	2,022,790
Interest income	21	(12,174,725)	(3,991,142)
Unrealised foreign exchange gains		-	(11,525,177)
Gain on disposal of property plant and equipment	20(c)	(4,371,233)	(4,500,000)
		243,109,328	287,484,609
Changes in working capital:			
Accounts receivable		8,895,587	(46,306,083)
Due from related companies		(92,749,543)	(90,436,925)
Due to related parties		-	(5,000,000)
Inventories		(135,020,812)	(188,312,967)
Accounts payable		(2,149,629)	61,636,040
Cash generated by operations		22,084,931	19,064,674
Interest received		12,174,725	3,991,142
Interest paid		(73,062,277)	(51,239,965)
Taxation paid		(90,675)	(2,580,706)
Net cash used in operating activities		(38,893,296)	(30,764,855)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		6,762,907	4,500,000
Investment in subsidiary	28	(61,528,165)	-
Purchase of property, plant and equipment	11	(46,716,716)	(18,297,783)
Net cash used in investing activities		(101,481,974)	(13,797,783)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term loan	18	271,689,080	200,000,000
Repayment of long-term loan	18	(45,418,384)	(20,000,000)
Repayment of short-term loan	9	-	(100,000,000)
Payment of dividends	24	(52,000,000)	(25,264,557)
Payment of lease liabilities	12(d)	(20,509,982)	(15,880,378)
Net cash provided by financing activities		153,760,714	38,855,065
Net decrease in cash and cash equivalents		13,385,444	(5,707,573)
Cash and cash equivalents at the beginning of the year		<u>168,121,344</u>	<u>173,828,917</u>
Cash and cash equivalents at the end of the year		<u>\$181,506,788</u>	<u>168,121,344</u>

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

TROPICAL BATTERY COMPANY LIMITED

Group Statement of Financial Position
September 30, 2023

	Notes	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	4	189,447,956	168,121,344
Accounts receivable	5	474,360,591	398,821,383
Due from related companies	6(b)	319,813,663	247,837,424
Due from parent company	6(c)	44,158,531	23,385,227
Inventories	7	958,310,861	795,126,010
Other assets		1,526,256	-
Taxation recoverable		818,484	727,809
		<u>1,988,436,342</u>	<u>1,634,019,197</u>
CURRENT LIABILITIES			
Accounts payable	8	443,199,042	380,700,793
Short-term loans	9	10,700,000	-
Current portion of lease liabilities	12(b)	25,680,587	17,442,276
Current portion of long-term loan	18	372,639,569	40,000,000
		<u>852,219,198</u>	<u>438,143,069</u>
NET CURRENT ASSETS		<u>1,136,217,144</u>	<u>1,195,876,128</u>
NON-CURRENT ASSETS			
Intangible assets	10(a)	38,133,005	38,133,005
Goodwill	10(b)	61,120,229	-
Property, plant and equipment	11	180,244,560	161,038,380
Right of use assets	12(a)	164,703,065	132,897,745
Employee benefits asset	13	13,866,000	68,619,000
Interest in joint venture	6(d)	5,000,000	5,000,000
		<u>463,066,859</u>	<u>405,688,130</u>
		<u>\$1,599,284,003</u>	<u>1,601,564,258</u>
Represented by:			
SHAREHOLDERS' EQUITY			
Share capital	16	164,287,800	156,675,300
Capital contribution	17	459,207,861	459,207,861
Accumulated profit		430,654,579	391,927,213
Foreign currency translation		(3,608)	-
Non-Controlling Interest		13,313,744	-
		<u>1,067,460,376</u>	<u>1,007,810,374</u>
NON-CURRENT LIABILITIES			
Lease liabilities	12(b)	154,793,061	128,124,434
Long-term loans	18	373,342,685	452,051,258
Deferred tax liability	15	3,687,881	13,578,192
		<u>531,823,627</u>	<u>593,753,884</u>
		<u>\$1,599,284,003</u>	<u>1,601,564,258</u>

The financial statements, on pages 7 to 66, were approved for issue by the Board of Directors on February 27, 2024 and signed on its behalf by:


Director
Marc Melville


Director
Alexander Melville

TROPICAL BATTERY COMPANY LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended September 30, 2023

	Notes	2023	2022
Gross operating revenue	19	2,801,540,923	2,625,322,327
Cost of operating revenue	20(a)	(1,925,312,151)	(1,849,274,283)
Gross profit		<u>876,228,772</u>	<u>776,048,044</u>
Administration, marketing and selling expenses	20(b)	(630,395,427)	(511,900,970)
Operating profit		245,833,345	264,147,074
Other income	20(c)	12,640,814	12,832,950
Profit before depreciation, net finance costs and taxation	20(d)	258,474,159	276,980,024
Depreciation	11,12	(56,767,316)	(53,706,335)
Profit before net finance costs and taxation		<u>201,706,843</u>	<u>223,273,689</u>
Interest income recognised using the effective interest rate method		12,174,725	3,991,142
Finance costs		(92,098,881)	(71,362,810)
Finance income		22,991,968	41,573,656
Net finance costs	21	(56,932,188)	(25,798,012)
Profit before taxation		144,774,655	197,475,677
Taxation	22	(4,933,939)	(462,155)
Profit for the year		<u>139,840,716</u>	<u>197,013,522</u>
Profit attributable to:			
Owners of Tropical Battery Co. Limited		135,200,116	197,013,522
Non-controlling interest		4,640,600	-
		<u>139,840,716</u>	<u>197,013,522</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Currency translation differences		(3,608)	-
Re-measurement gain on employee benefit assets	13(f)	(59,297,000)	14,565,000
Related taxation on re-measurement	15(b)	14,824,250	(3,641,250)
Other comprehensive income, net of tax		(44,476,358)	10,923,750
Total comprehensive income for the year		<u>\$ 95,364,358</u>	<u>207,937,272</u>
Earnings per stock unit	23	<u>10.8¢</u>	<u>15.2¢</u>

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

TROPICAL BATTERY COMPANY LIMITEDGroup Statement of Changes in Shareholders' Equity
Year ended September 30, 2023

	Share capital (note 16)	Capital contribution (note 17)	Accumulated profit	Foreign Currency translation	Non-controlling Interest	Total
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	-	-	197,013,522	-	-	197,013,522
Total comprehensive income	-	-	207,937,272	-	-	207,937,272
Transaction with owners of the company: Dividends (note 24)	-	-	(26,000,000)	-	-	(26,000,000)
Total comprehensive income	-	-	181,937,272	-	-	181,937,272
Balances as at September 30, 2022	156,675,300	459,207,861	391,927,213	-	-	1,007,810,374
Other comprehensive income:						
Re-measurement income on employee benefit asset, net of taxation	-	-	(44,472,750)	-	-	(44,472,750)
Profit for the Year	-	-	135,200,116	(3,608)	4,640,600	139,837,108
Total comprehensive income	-	-	90,727,366	(3,608)	4,640,600	95,364,358
Transaction with owners of the company:						
Dividends declared (note 24)	-	-	(52,000,000)	-	-	(52,000,000)
Issue of Shares	7,612,500	-	-	-	-	7,612,500
Acquisition of subsidiary with NCI	-	-	-	-	8,673,144	8,673,144
Balances as at September 30, 2023	\$164,287,800	459,207,861	430,654,579	(3,608)	13,313,744	1,067,460,376

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

TROPICAL BATTERY COMPANY LIMITEDGroup Statement of Cash Flows
Year ended September 30, 2023

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		139,840,716	197,013,522
Adjustment to reconcile net profit for the year to net cash used by operating activities:			
Employee benefits		(4,544,000)	353,000
Depreciation	11,12	56,767,316	53,706,335
Taxation expense	22	4,933,939	462,155
Interest on loans	21	62,161,882	42,395,533
Interest on lease liabilities	21	12,398,162	11,547,593
Amortisation of debt issuance costs		-	2,022,790
Interest income	21	(12,174,725)	(3,991,142)
Unrealised foreign exchange gains		75,179	(11,525,177)
Gain on disposal of property plant and equipment	20(c)	(4,371,233)	(4,500,000)
Foreign currency translation		(3,608)	-
		255,083,628	287,484,609
Changes in working capital:			
Accounts receivable		(39,064,256)	(46,306,083)
Due from related companies		(92,749,543)	(90,436,925)
Due to related parties		-	(5,000,000)
Inventories		(134,675,473)	(188,312,967)
Accounts payable		28,272,361	61,636,040
Cash generated by operations		16,866,717	19,064,674
Interest received		12,174,725	3,991,142
Interest paid		(74,560,044)	(51,239,965)
Taxation paid		(90,675)	(2,580,706)
Net cash used in operating activities		(45,609,277)	(30,764,855)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		6,762,907	4,500,000
Acquisition of subsidiary	28	(58,828,196)	-
Issue of Shares		7,612,500	-
Purchase of property, plant and equipment	11	(48,622,300)	(18,297,783)
Net cash used in investing activities		(93,075,089)	(13,797,783)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term loan	18	278,070,544	200,000,000
Repayment of long-term loan	18	(45,549,584)	(20,000,000)
Repayment of short-term loan	9	-	(100,000,000)
Payment of dividends	24	(52,000,000)	(25,264,557)
Payment of lease liabilities	12(d)	(20,509,982)	(15,880,378)
Net cash provided by financing activities		160,010,978	38,855,065
Net increase/(decrease) in cash and cash equivalents		21,326,612	(5,707,573)
Cash and cash equivalents at the beginning of the year		168,121,344	173,828,917
Cash and cash equivalents at the end of the year		\$189,447,956	168,121,344

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

TROPICAL BATTERY COMPANY LIMITED

Group Statement of Cash Flows
Year ended September 30, 2023

1. Corporate structure and principal activities

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

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

The Group’s primary activities are the sale, distribution and installation of motor vehicle batteries, motor vehicle accessories and renewable energy batteries.

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.

On April 1, 2023, Tropical Battery Company Limited acquired 51% ownership in Kaya Energy Group SRL. Kaya Energy Group SRL is incorporated in the Dominica Republic.

The company stock units were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on September 29, 2020. 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 Company’s subsidiaries are as follows:

	<u>Domicile of incorporation</u>	
Tropical Battery (USA) LLC	United States of America	100%
Tropical Mobility, Renewable Energy & Finance Ltd	Jamaica	95%
Kaya Energy Group, SRL	Dominica Republic	51%

There were no transactions for Tropical Battery (USA) LLC and Tropical Mobility, Renewable Energy & Finance Ltd, during the financial year.

The Group’s associates are as follows:

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

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

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

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

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

Certain new standards, interpretations and amendments to existing standards that have been published, became effective during the current financial year. The adoption of all such new standards, interpretations and amendments did not have any significant impact on the amounts and disclosures in the 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 group have not yet adopted:

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

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

(a) Statement of compliance (continued):

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

- 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.

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

- 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 amendments help entities provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

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

(a) Statement of compliance (continued):

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

- Amendments to IAS 1 *Presentation of Financial Statements (continued)*

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.”

(b) Basis of preparation:

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

The financial statements are prepared under the historical cost convention except for the inclusion of defined benefits asset and obligation at fair value of plan assets less the present value of the defined benefits asset and obligation as explained in note 3(m). The significant accounting policies stated in paragraph (c) and note 3 below conform in all material respects with IFRS.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(i) Business combinations:

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

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

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

(b) Basis of consolidation (continued)

(i) Business combinations (continued):

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

(ii) Subsidiaries:

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

The financial statements comprise the consolidated financial results of the company and its subsidiaries prepared to September 30, 2023.

All significant inter-company transactions are eliminated.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

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

(b) Basis of consolidation (continued)

(iii) Loss of control:

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

(iv) Joint arrangements:

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

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

Investments in joint arrangements are deemed as joint operations when they are not structured through a separately identifiable financial structure. The contractual arrangement between the Group and the other parties to the joint arrangements outline each parties’ rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties’ rights to the corresponding revenues and obligations for the corresponding expenses.

(v) Associates:

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights including voting rights generally exercised together with related parties. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, including transaction costs.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

2. Statement of compliance, basis of preparation (continued)(b) Basis of consolidation (continued)(v) Associates (continued):

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the Group's significant accounting policies. Should the Group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the Group will not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Where associated entities are in their start-up phase, no impairment has been assessed at this time and the Group's investment is carried at cost, net of its share of losses to date.

(vi) Non-controlling interests (NCI):

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

(vii) Transactions eliminated in consolidation:

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

(c) Use of estimates and judgements:

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

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.

ROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

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

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:

(ii) Pension and other post-retirement benefits:

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

The expected return on plan assets considers the long-term returns, asset allocation and future estimates of long-term investment returns; the discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the group's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenure security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in the foregoing assumptions will affect the amounts recorded in the financial statements for these obligations (see note 13).

(iii) Acquisition of subsidiary

The fair value of the consideration transferred, and fair value of the assets acquired, and liabilities assumed are measured at fair value.

Significant accounting policies(a) Cash and cash equivalents:

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

3. Significant accounting policies (continued)

(b) Accounts receivable:

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

(c) Related parties:

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

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

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

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (iv) The entity is a post-employment benefit plan established for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (v) The entity is controlled, or jointly controlled by a person identified in (a).
- (vi) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity (or of a parent of the entity).
- (vii) The entity, or any member of a group of which it is part, provides key management personnel services to the company or to the parent of the company.

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

TROPICAL BATTERY COMPANY LIMITED

3. Significant accounting policies (continued)

(c) Related parties (continued):

(b) 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.

(d) Inventories:

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

(e) Accounts payable:

Trade and other payables are measured at amortised cost.

(f) Provisions:

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

(g) Property, plant and equipment:

(i) Owned assets:

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

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

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the 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.

3. Significant accounting policies (continued)

(g) 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 group.

(iii) Depreciation:

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

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

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

(h) Leases:

i. As a lessee

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

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

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

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

TROPICAL BATTERY COMPANY LIMITED

3. Significant accounting policies (continued)

(h) 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 group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

Short-term leases

The group has elected not to recognise right-of-use assets and lease liabilities for leases 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.

(i) Intangible assets:

Brands:

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

Goodwill:

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

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(j) Taxation:

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

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

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

A deferred tax liability is recognised for all taxable temporary differences except to the extent that the 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.

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:

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(k) Revenue recognition (continued):

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15.
Revenue from the sale of batteries, oils, lubricants, tyres and other accessories	Revenue is recognised when goods are provided to the customers based on the terms specified in the contract. Invoices are generated and the revenue is recognised at that point in time. Volume discounts are given to customers. Invoices are usually payable within 5 days. Discount are offered to customers ranging from 3-32.5%.	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 in a contract with a customer. The group recognises revenue when it transfers control over goods to a customer.

(l) Operating Profit

Operating profit is the result generated from continuing principal revenue – producing activities of the group as well as other income and expenses related to operating activities. Operating profit excludes depreciation, net finances cots, share of profit of equity accounted investees and income taxes.

(m) Foreign currencies:

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(n) Employee benefits:

(i) Pension assets:

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

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

(ii) Defined benefit pension scheme:

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

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

Where the calculation results in a pension surplus to the group, the recognised asset is limited to the present value of any future refunds from the 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.

(iii) Other employee benefits:

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(o) Dividends and distributions:

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

(p) Net finance costs:

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

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

(q) Borrowings:

(i) Debt issuance costs:

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

(ii) Interest-bearing borrowings:

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

(r) Impairment:

Financial assets

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

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

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(r) Impairment (continued):

Financial assets (continued)

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

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

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

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the 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 group expects to receive).

Credit-impaired financial assets

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

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

TROPICAL BATTERY COMPANY LIMITED

Group Statement of Cash Flows
Year ended September 30, 2023

3. Significant accounting policies (continued)

(r) Impairment (continued):

*Financial assets (continued)**Credit-impaired financial assets (continued)*

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

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

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

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

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(r) Impairment (continued):

Non-financial assets

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

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

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

(s) Financial instruments:

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

(i) Recognition and initial measurement

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

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(s) Financial instruments (continued):

(ii) Classification and subsequent measurement

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

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

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

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

Subsequent measurement

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

Impairment of financial assets

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

Derecognition

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(s) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

*Financial liabilities**Initial recognition and measurement*

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

Subsequent measurement

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

Derecognition

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

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

Offsetting of financial instruments

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

(t) Fair value disclosures:

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

3. Significant accounting policies (continued)

(u) Segment reporting:

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

(v) Foreign currencies

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognised in arriving at net profit or loss.

Group companies

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

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

4. Cash and cash equivalents

	Company		Group	
	2023	2022	2023	2022
Cash and bank balances	141,992,675	116,721,592	149,933,843	116,721,592
Short-term Investments	39,514,113	51,399,752	39,514,113	51,399,752
	<u>\$181,506,788</u>	<u>168,121,344</u>	<u>189,447,956</u>	<u>168,121,344</u>

Short-term investments earn interest at 1.5% to 2% (2022: 1.5% to 2%) per annum. A proportion of these are by definition of three months or less.

5. Accounts receivable

	Company		Group	
	2023	2022	2023	2022
Trade receivables	272,467,706	266,855,997	291,990,394	266,855,997
Others (see below)	140,331,809	154,839,105	205,243,916	154,839,105
	412,799,515	421,695,102	497,234,310	421,695,102
Less: Allowance for impairment loss	(22,873,719)	(22,873,719)	(22,873,719)	(22,873,719)
	<u>\$389,925,796</u>	<u>398,821,383</u>	<u>474,360,591</u>	<u>398,821,383</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

5. Accounts receivable (continued)

Others detailed as follows:

	Company		Group	
	2023	2022	2023	2022
General consumption tax	40,726,546	68,802,262	40,726,546	68,802,262
Staff loans*	26,016,241	27,755,464	26,286,416	27,755,464
Advance to suppliers	-	26,908,364	-	26,908,364
Prepayments	49,778,547	10,726,630	55,727,017	10,726,630
Others	<u>23,810,475</u>	<u>20,646,385</u>	<u>82,503,937</u>	<u>20,646,385</u>
	<u>\$140,331,809</u>	<u>154,839,105</u>	<u>205,243,916</u>	<u>154,839,105</u>

Trade receivables include \$7,340,908 (2022: \$8,264,829) due from a related party.

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

The group's exposure to credit and currency risks and impairment loss related to trade accounts receivables is disclosed in note 26(a).

6. Related party balances

	Company and Group	
	2023	2022
(a) Sale of goods and services		
Chukka Caribbean Adventure Limited		
-company controlled by key management personnel	<u>13,521,925</u>	<u>7,143,013</u>
(b) Due from related companies:		
Chukka Caribbean Adventure Limited		
-company controlled by key management personnel	4,597,132	6,139,968
Diverze Properties Limited- fellow subsidiary	<u>302,887,218</u>	<u>229,705,285</u>
	307,484,350	235,845,253
Other related companies		
Reside Realty Limited – company		
controlled by key management personnel	6,656,397	6,567,171
Enrvate Limited- Joint venture	<u>5,672,916</u>	<u>5,425,000</u>
	<u>\$319,813,663</u>	<u>247,837,424</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

6. Related party balances (continued)

	Company and Group	
	2023	2022
(c) Due from parent company:		
Dai Diverze (Jamaica) Limited	<u>\$ 44,158,531</u>	<u>23,385,227</u>
(d) Interest in joint venture		
Enrvate Limited	<u>\$ 5,000,000</u>	<u>5,000,000</u>

All transactions with these related parties are priced on an arm's length basis. The above balances are unsecured, interest-free and repayable on demand. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

In 2021, the group 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 20(d).

7. Inventories

	Company		Group	
	2023	2022	2023	2022
Finished goods:				
Tyres	6,521,852	29,627,545	6,521,852	29,627,545
Batteries	447,156,002	320,674,339	475,320,042	320,674,339
Oils	62,048,880	72,608,860	62,048,880	72,608,860
Spent batteries	-	6,569,450	-	6,569,450
Accessories	197,534,056	99,157,044	197,534,056	99,157,044
Inventories-in-transit	<u>219,405,113</u>	<u>269,874,623</u>	<u>219,405,113</u>	<u>269,874,623</u>
	932,665,903	798,511,861	960,829,943	798,511,861
Written down to net				
realisable value	<u>(2,519,082)</u>	<u>(3,385,851)</u>	<u>(2,519,082)</u>	<u>(3,385,851)</u>
	<u>\$930,146,821</u>	<u>795,126,010</u>	<u>958,310,861</u>	<u>795,126,010</u>

Inventories written fully off during the year amounted to \$6,919,518 (2022: \$13,061,104) and were recognised in profit or loss.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 20238. Accounts payable

	Company		Group	
	2023	2022	2023	2022
Trade payables	302,619,406	306,114,200	367,221,878	306,114,200
Dividends payable	735,443	735,443	735,443	735,443
Other payables	75,196,315	73,851,150	75,241,721	73,851,150
	<u>\$378,551,164</u>	<u>380,700,793</u>	<u>\$443,199,042</u>	<u>380,700,793</u>

9. Short-term loans

This represents two unsecured short-term loan facilities from Popular Bank located in Dominican Republic in the amount of \$7,500,000 and \$2,500,000 million. The facility attract interest at the rate of 14.95 % and 12.61% respectively per annum. These loans will mature on March 14, 2024.

10. Intangible assets

	Company and Group	
	2023	2022
	(a) Brands	<u>\$38,133,005</u>

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. There is no foreseeable limit on the period during which the group expects to consume the future economic benefits embodied in the asset.

The entity projects that the use of these brands will be made indefinitely, whilst the brands would be tested for impairment in line with IAS36.

	Group	
	2023	2022
	(b) Goodwill, arising on the acquisition of Kaya Energy Group SRL(see note 28)	<u>\$61,120,229</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 202311. Property, plant and equipment

	The Company					
	Computers	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
Cost:						
September 30, 2021	69,137,296	76,784,973	8,343,610	159,060,103	80,395,602	393,721,584
Additions	5,434,263	115,000	-	12,043,020	705,500	18,297,783
Disposal	-	-	-	-	(9,088,837)	(9,088,837)
September 30, 2022	74,571,559	76,899,973	8,343,610	171,103,123	72,012,265	402,930,530
Additions	5,692,771	1,803,179	-	12,794,988	26,425,778	46,716,716
Disposal	-	-	-	-	(7,063,518)	(7,063,518)
September 30, 2023	<u>80,264,330</u>	<u>78,703,152</u>	<u>8,343,610</u>	<u>183,898,111</u>	<u>91,374,525</u>	<u>442,583,728</u>
Depreciation:						
September 30, 2021	43,384,977	11,108,928	8,343,610	87,513,170	66,675,476	217,026,161
Charge for the year	8,248,743	6,691,064	-	11,138,020	7,876,999	33,954,826
Eliminated on disposal	-	-	-	-	(9,088,837)	(9,088,837)
September 30, 2022	51,633,720	17,799,992	8,343,610	98,651,190	65,463,638	241,892,150
Charge for the year	10,432,430	1,744,398	-	12,265,364	7,779,175	32,221,367
Eliminated on disposal	-	-	-	-	(4,671,844)	(4,671,844)
September 30, 2023	<u>62,066,150</u>	<u>19,544,390</u>	<u>8,343,610</u>	<u>110,916,554</u>	<u>68,570,969</u>	<u>269,441,673</u>
Net book values:						
September 30, 2023	<u>\$18,198,180</u>	<u>59,158,762</u>	<u>-</u>	<u>72,981,557</u>	<u>22,803,556</u>	<u>173,142,055</u>
September 30, 2022	<u>\$22,937,839</u>	<u>59,099,981</u>	<u>-</u>	<u>72,451,933</u>	<u>6,548,627</u>	<u>161,038,380</u>
	The Group					
	Computers	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
Cost:						
September 30, 2021	69,137,296	76,784,973	8,343,610	159,060,103	80,395,602	393,721,584
Additions	5,434,263	115,000	-	12,043,020	705,500	18,297,783
Disposal	-	-	-	-	(9,088,837)	(9,088,837)
September 30, 2022	74,571,559	76,899,973	8,343,610	171,103,123	72,012,265	402,930,530
On Acquisition	475,382	-	-	1,740,505	13,291,018	15,506,905
Additions	5,794,557	1,803,179	-	12,924,600	28,099,964	48,622,300
Disposal	-	-	-	-	(7,063,518)	(7,063,518)
September 30, 2023	<u>80,841,498</u>	<u>78,703,152</u>	<u>8,343,610</u>	<u>185,768,228</u>	<u>106,339,729</u>	<u>459,996,217</u>
Depreciation:						
September 30, 2021	43,384,977	11,108,928	8,343,610	87,513,170	66,675,476	217,026,161
Charge for the year	8,248,743	6,691,064	-	11,138,020	7,876,999	33,954,826
Eliminated on disposal	-	-	-	-	(9,088,837)	(9,088,837)
September 30, 2022	51,633,720	17,799,992	8,343,610	98,651,190	65,463,638	241,892,150
On Acquisition	309,251	-	-	1,338,088	7,728,296	9,375,635
Charge for the year	10,463,401	1,744,398	-	12,365,714	8,582,203	33,155,716
Eliminated on disposal	-	-	-	-	(4,671,844)	(4,671,844)
September 30, 2023	<u>62,406,372</u>	<u>19,544,390</u>	<u>8,343,610</u>	<u>112,354,992</u>	<u>77,102,293</u>	<u>279,751,657</u>
Net book values:						
September 30, 2023	<u>\$18,435,126</u>	<u>59,158,762</u>	<u>-</u>	<u>73,413,236</u>	<u>29,237,436</u>	<u>180,244,560</u>
September 30, 2022	<u>\$22,937,839</u>	<u>59,099,981</u>	<u>-</u>	<u>72,451,933</u>	<u>6,548,627</u>	<u>161,038,380</u>

Property, plant and equipment are held as security for a private placement of a \$300 million bond [see note 18(b)]. The company shall not either in a single transaction or in a series of transactions, whether related or not and whether voluntarily or involuntarily, sell, transfer or grant a lease or other wise dispose of all or any part of its assets exceeding 10% of tangible net worth in any transaction or series of transactions.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

12. Leases

As a lessee

The company and group lease property and equipment. The leases typically run for 1 to 10 years. The company has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term. Certain leased properties are held with related parties.

(a) Right-of-use assets

	<u>Company and Group</u>	
	<u>Leasehold land and buildings</u>	
	<u>2023</u>	<u>2022</u>
Balance at October 1	132,897,745	152,649,254
Lease modification	55,416,920	-
Depreciation charge for the year	(23,611,600)	(19,751,509)
Balance at September 30	<u>\$164,703,065</u>	<u>132,897,745</u>

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

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	<u>Company and Group</u>	
	<u>2023</u>	<u>2022</u>
	\$	\$
Up to one year	38,347,844	26,771,664
One to five years	143,858,880	123,415,069
More than five years	<u>45,282,298</u>	<u>35,897,436</u>
	227,489,022	186,084,169
Less: future interest	(47,015,374)	(40,517,459)
Total discounted lease liabilities at year end	180,473,648	145,566,710
Less: current portion	(25,680,587)	(17,442,276)
Non-current	<u>\$154,793,061</u>	<u>128,124,434</u>

(c) Amounts recognised in profit or loss

	<u>2023</u>	<u>2022</u>
	\$	\$
Interest on lease liabilities	12,398,162	11,547,593
Depreciation on right-of-use assets	23,611,601	19,751,509
Short-term lease rentals	<u>7,233,594</u>	<u>7,233,594</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

12. Leases (continued)

Information about leases for which the company and group is a lessee is presented below (continued).

(d) Amounts recognised in the statement of cash flows

	<u>2023</u>	<u>2022</u>
	\$	\$
Total cash outflow for leases	<u>32,908,144</u>	<u>27,427,971</u>

13. Employee benefits

(a) Employee benefits assets:

	<u>Company and Group</u>	
	<u>2023</u>	<u>2022</u>
Present value of funded obligations	(231,249,000)	(200,085,000)
Fair value of plan assets	<u>245,115,000</u>	<u>268,704,000</u>
Recognised pension asset	<u>\$ 13,866,000</u>	<u>68,619,000</u>

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

The group expects to pay \$6,615,000 in contributions to its defined benefits plans in 2024.

Risks associated with defined benefit pension plan

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

Asset volatility

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

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

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

Notes to the Financial Statements (Continued)
September 30, 2023

13. Employee benefits (continued)

Changes in bond yields

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

Inflation risk

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

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

	<u>Company and Group</u>	
	<u>2023</u>	<u>2022</u>
Balance at beginning of year	68,619,000	54,407,000
Net expense in profit or loss and other comprehensive income	(61,368,000)	8,249,000
Contribution paid	<u>6,615,000</u>	<u>5,963,000</u>
Balance at end of year	<u>\$13,866,000</u>	<u>68,619,000</u>

(c) Movements in funded obligations:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	(200,085,000)	(190,540,000)
Benefits paid	5,380,000	13,337,000
Interest cost	(23,010,000)	(17,149,000)
Current service cost	(17,138,000)	(15,322,000)
Re-measurement actuarial losses	<u>3,604,000</u>	<u>9,589,000</u>
Balance at end of year	<u>\$ (231,249,000)</u>	<u>(200,085,000)</u>

(d) Movement in plan assets:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at beginning of year	268,704,000	244,947,000
Contributions paid	17,965,000	16,188,000
Expected return on plan assets	31,359,000	21,905,000
Benefits paid	(10,012,000)	(19,312,000)
Re-measurement of actuarial gains	(62,901,000)	4,976,000
Fair value of plan assets at end of year	<u>\$245,115,000</u>	<u>268,704,000</u>
Plan assets consist of the following:		
Fixed-income securities and other investments	224,534,000	257,260,000
Net current assets	<u>20,581,000</u>	<u>11,444,000</u>
	<u>\$245,115,000</u>	<u>268,704,000</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

13. Employee benefits (continued)

(d) Movement in plan assets:

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

	<u>Company and Group</u>			
	<u>2023</u>	<u>%</u>	<u>2022</u>	<u>%</u>
	\$		\$	
Equity securities	140,942,000	63	155,033,000	60
Government of Jamaica securities	15,111,000	7	21,214,000	8
Company's own equity shares	44,227,000	20	57,200,000	22
Corporate bonds	<u>24,254,000</u>	<u>10</u>	<u>23,813,000</u>	<u>10</u>
	<u>224,534,000</u>	<u>100.00</u>	<u>257,260,000</u>	<u>100.00</u>

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

	<u>2023</u>	<u>2022</u>
Interest on obligations and current service cost	\$(<u>2,071,000</u>)	<u>6,316,000</u>

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

(f) Items in other comprehensive income:

	<u>Company and Group</u>	
	<u>2023</u>	<u>2022</u>
Re-measurement gains on obligations	3,604,000	9,589,000
Re-measurement gains on plan assets	(62,901,000)	4,976,000
	<u>\$ (59,297,000)</u>	<u>14,565,000</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

13. Employee benefits (continued)

(g) Principal actuarial assumptions at the reporting date (expressed as weighted averages):			
		<u>2023</u>	<u>2022</u>
Discount rate		11.5%	11.5%
Long-term rate of inflation		5.0%	5.0%
Future salary increases		<u>9.5%</u>	<u>9.5%</u>

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

(h) Sensitivity analysis of key economic assumptions:

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

	<u>Company and Group</u>			
	<u>2023</u>		<u>2022</u>	
	1%	1%	1%	1%
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	\$'000	\$'000	\$'000	\$'000
Discount rate	25,367	(31,430)	21,297	(26,444)
Future salary increases	<u>(14,933)</u>	<u>13,179</u>	<u>(12,157)</u>	<u>11,051</u>

(i) At September 30, 2023, the weighted average duration of the defined benefit obligation was 14.6 years (2022: 15.1 years).

14. Investment in subsidiary

	<u>Company</u>	
	<u>2023</u>	<u>2022</u>
Kaya Energy Group SRL(see note 1)	<u>\$69,140,665</u>	<u>-</u>

Notes to the Financial Statements (Continued)
September 30, 2023

15. Deferred taxation

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

	<u>Company and Group</u>	
	<u>2023</u>	<u>2022</u>
Property, plant and equipment	(4,164,027)	409,316
Right-of-use assets	(41,175,766)	(33,224,436)
Employee benefits	(3,466,500)	(17,154,750)
Lease liabilities	<u>45,118,412</u>	<u>36,391,678</u>
	\$ (<u>3,687,881</u>)	(<u>13,578,192</u>)

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

	<u>Company and Group</u>			
	<u>October 1, 2022</u>	<u>Recognised in equity</u>	<u>Recognised in income</u>	<u>September 30, 2023</u>
			[note 22(a)]	
Property, plant and equipment	409,316	-	(4,573,343)	(4,164,027)
Right-of-use assets	(33,224,436)	-	(7,951,330)	(41,175,766)
Employee benefits	(17,154,750)	14,824,250	(1,136,000)	(3,466,500)
Lease liabilities	<u>36,391,678</u>	<u>-</u>	<u>8,726,734</u>	<u>45,118,412</u>
	(<u>13,578,192</u>)	<u>14,824,250</u>	(<u>4,933,939</u>)	(<u>3,687,881</u>)
	<u>October 1, 2021</u>	<u>Recognised in equity</u>	<u>Recognised in income</u>	<u>September 30, 2022</u>
			[note 22(a)]	
Property, plant and equipment	(444,529)	-	853,845	409,316
Right-of-use assets	(38,162,314)	-	4,937,878	(33,224,436)
Employee benefits	(13,601,750)	(3,641,250)	88,250	(17,154,750)
Lease liabilities	<u>40,355,849</u>	<u>-</u>	<u>(3,964,171)</u>	<u>36,391,678</u>
	(<u>11,852,744</u>)	(<u>3,641,250</u>)	<u>1,915,802</u>	(<u>13,578,192</u>)

16. Share capital

	<u>Company and Group</u>	
	<u>2023</u>	<u>2022</u>
Authorised issued and fully paid:		
Balance at the start of the year	156,675,300	156,675,300
Shares issued during the year	<u>7,612,500</u>	<u>-</u>
1,303,750,000 ordinary shares of no par value	<u>\$164,287,800</u>	<u>156,675,300</u>

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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

17. Capital contribution

This represents capital injection by the ultimate parent company.

18. Long-term loans

	Company		Group	
	2023	2022	2023	2022
(a) Related party loan	8,472,489	15,254,009	8,472,489	15,254,009
(b) Bonds	300,000,000	296,797,249	300,000,000	296,797,249
(c) Bank loan	140,000,000	180,000,000	140,000,000	180,000,000
(d) Stewart Finance Ja. Ltd	21,849,464	-	21,849,464	-
(e) Bond - April 2026	248,000,000	-	248,000,000	-
(f) BDH Loan	-	-	4,525,522	-
(g) Promerica Loan	-	-	3,349,800	-
(h) Changan Vehicle Credit Engine	-	-	3,250,032	-
(i) Shareholder loan	-	-	16,534,947	-
	718,321,953	492,051,258	745,982,254	492,051,258
Less: Current portion	350,827,679	40,000,000	372,639,569	40,000,000
Non-current	\$367,494,274	452,051,258	\$373,342,685	452,051,258

- (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 Nil (2022: \$3,202,751).
- (c) This represents a loan facility obtained in June 2022 from First Caribbean International Bank Limited in the amount of \$200 million. The loan is secured by a promissory note, attracts interest of 6.75% per annum and matures in October 2027.
- (d) This represents a motor vehicle loan facility from Stewart Finance Jamaica Ltd. in the amount of \$23.7 million. The loan is secured and attracts interest of 7.99% per annum and matures in November 2030.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

18. Long-term loans (continued)

- (e) In February 2023, the company authorised the private placement of secured J\$ notes for an aggregate principal amount of \$250 million. These notes attract interest at the rate of 11% per annum and they mature in April 2026.
- (f) This represents an unsecured loan from Banco BHD in the amount of \$8.75 million. The loan attracts an interest of 8% per annum and matures in November 2025.
- (g) This represents an unsecured loan from Promerica in the amount of \$7.5 million. The loan attracts an interest of 9% per annum and matures in October 2024.
- (h) In April 2023, the subsidiary secured a motor vehicle loan facility from Changan Vehicle Credit Engine \$3.4 million. The attracts interest of 15.95% per annum and matures in April 2029.
- (i) This represents an unsecured loan from the directors, this loan is interest-free and has no specified repayment date, however it will not be called within 1 year of the reporting date.

Reconciliation of liabilities arising from financing activities

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

	The Company			
	Loans		Leases	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at October 1	492,051,257	312,051,258	145,566,710	161,423,393
Proceeds from loans	271,689,080	200,000,000	-	-
Repayment of loans	(45,418,384)	(20,000,000)	-	-
Repayment of lease liabilities	-	-	(20,509,982)	(15,856,683)
	226,270,696	180,000,000	(20,509,982)	(15,856,683)
Lease modification	-	-	55,416,920	-
Interest expense	-	-	12,398,162	11,547,593
Interest paid	-	-	(12,398,162)	(11,547,593)
	-	-	55,416,920	-
Balance at September 30	718,321,953	492,051,258	180,473,648	145,566,710

TROPICAL BATTERY COMPANY LIMITEDNotes to the Financial Statements (Continued)
September 30, 202318. Long-term loans (continued)

Reconciliation of liabilities arising from financing activities (continued)

	The Group			
	Loans		Leases	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at October 1	492,051,258	312,051,258	145,566,710	161,423,393
Proceeds from loans	278,070,544	200,000,000	-	-
Repayment of loans	(45,549,584)	(20,000,000)	-	-
Loans acquired from subsidiary	21,410,036	-	-	-
Repayment of lease liabilities	-	-	(20,509,982)	(15,856,683)
	<u>253,930,966</u>	<u>180,000,000</u>	<u>(20,509,982)</u>	<u>(15,856,683)</u>
Lease modification	-	-	55,416,920	-
Interest expense	-	-	12,398,162	11,547,593
Interest paid	-	-	(12,398,162)	(11,547,593)
	<u>-</u>	<u>-</u>	<u>55,416,920</u>	<u>-</u>
Balance at September 30	<u>745,982,254</u>	<u>492,051,258</u>	<u>180,473,648</u>	<u>145,566,710</u>

19. Gross operating revenue

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

	Company		Group	
	2023	2022	2023	2022
Net Battery Sales	2,257,209,698	2,283,300,008	2,257,209,698	2,283,300,008
Net Tyre Sales	24,736,990	15,319,091	24,736,990	15,319,091
Renewable Energy	-	-	81,686,986	-
Total Accessories	<u>459,150,353</u>	<u>346,365,055</u>	<u>459,150,353</u>	<u>346,365,055</u>
Net Sales before discounts	2,741,097,041	2,644,984,154	2,822,784,027	2,644,984,154
Discounts on All Products	(21,243,104)	(19,661,827)	(21,243,104)	(19,661,827)
Net Sales	<u>\$2,719,853,937</u>	<u>2,625,322,327</u>	<u>2,801,540,923</u>	<u>2,625,322,327</u>

Notes to the Financial Statements (Continued)
September 30, 202320. Expenses by nature and related party transactions

	Company		Group	
	2023	2022	2023	2022
(a) Cost of operating revenue				
Tyres	28,289,730	12,212,910	28,289,730	12,212,910
Batteries	1,377,702,997	1,493,752,559	1,377,702,997	1,493,752,559
Spent batteries	64,263,797	75,601,579	64,263,797	75,601,579
Oils	247,115,510	170,122,240	247,115,510	170,122,240
Accessories	94,532,797	84,521,345	94,532,797	84,521,345
Renewable energy	45,801,515	-	155,219,084	-
Inventory obsolescence	6,919,518	13,063,650	106,487,802	13,063,650
	<u>\$1,864,625,864</u>	<u>1,849,274,283</u>	<u>1,925,312,151</u>	<u>1,849,274,283</u>
(b) Administration, marketing and selling expenses:				
Salaries, wages and related costs	354,969,739	307,980,696	364,048,446	307,980,696
Staff and canteen expenses	10,003,543	9,521,397	10,003,543	9,521,397
Other administration, marketing and selling expenses:				
Accommodation	1,058,102	953,822	1,058,102	953,822
Advertising	11,263,305	14,336,136	11,263,305	14,336,136
Audit fees	11,000,000	9,000,000	11,000,000	9,000,000
Computer services	10,448,069	9,448,766	10,448,069	9,448,766
Director's remuneration	22,945,125	16,110,344	22,945,125	16,110,344
Electricity	12,056,560	12,842,285	12,056,560	12,842,285
Gas and oil	20,874,423	18,996,142	20,874,423	18,996,142
Insurance	8,323,564	9,018,104	8,323,564	9,018,104
Miscellaneous expenses	30,038,472	8,763,115	30,038,472	8,763,115
Motor vehicle expenses	4,821,651	5,536,332	4,821,651	5,536,332
Postage and telephone	16,920,751	10,339,929	16,920,751	10,339,929
Printing and stationery	7,625,432	7,410,091	7,625,432	7,410,091
Professional fees	25,518,831	10,723,219	25,518,831	10,723,219
Rent, rates and taxes	9,871,247	7,233,594	9,871,247	7,233,594
Repairs and maintenance	21,287,817	18,839,551	21,287,817	18,839,551
Safety supplies	52,321	281,234	52,321	281,234
Sales promotion	3,490,704	3,881,854	3,490,704	3,881,854
Security	17,838,885	11,605,689	17,838,885	11,605,689
Subscription and donations	4,931,172	4,696,612	4,931,172	4,696,612
Travel and entertainment	15,977,007	14,382,058	15,977,007	14,382,058
	<u>256,343,438</u>	<u>194,398,877</u>	<u>256,343,438</u>	<u>194,398,877</u>
	<u>\$621,316,720</u>	<u>511,900,970</u>	<u>630,395,427</u>	<u>511,900,970</u>

Notes to the Financial Statements (Continued)
September 30, 2023

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

	Company		Group	
	2023	2022	2023	2022
(c) Other income				
Gain on disposal of property, plant and equipment	4,371,233	4,500,000	4,371,233	4,500,000
Unrealised gain on Investments	(2,337,106)	1,053,214	(2,337,106)	1,053,214
Bad debts recovered	-	86,151	-	86,151
Other income	-	-	311,932	-
Miscellaneous	10,294,754	7,193,585	10,294,755	7,193,585
	<u>\$12,328,881</u>	<u>12,832,950</u>	<u>12,640,814</u>	<u>12,832,950</u>

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

	Company		Group	
	2023	2022	2023	2022
Directors' emoluments -as management	22,945,125	16,110,344	22,945,125	16,110,344
Director's fees	300,000	600,000	300,000	600,000
Compensation for key management: Short-term benefits	21,772,201	21,772,201	21,772,201	21,772,201
Transactions with related parties:-fellow subsidiary Rental expense	29,100,000	24,000,000	29,100,000	24,000,000
Interest on lease liabilities	11,850,932	10,818,212	11,850,932	10,818,212
Professional fees earned	(5,633,333)	(4,952,083)	(5,633,333)	(4,952,083)

21. Net finance costs

	Company		Group	
	2023	2022	2023	2022
Finance costs:				
Loan interest	60,664,115	42,395,533	62,161,882	42,395,533
Lease interest	12,398,162	11,547,593	12,398,162	11,547,593
Bank charges	17,207,641	17,419,684	17,538,837	17,419,684
	90,269,918	71,362,810	92,098,881	71,362,810
Finance income:				
Interest income recognised using the effective interest rate method	(12,174,725)	(3,991,142)	(12,174,725)	(3,991,142)
Gain on foreign exchange	(22,991,968)	(41,573,656)	(22,991,968)	(41,573,656)
	<u>(35,166,693)</u>	<u>(45,564,798)</u>	<u>(35,166,693)</u>	<u>(45,564,798)</u>
	<u>\$55,103,225</u>	<u>25,798,012</u>	<u>56,932,188</u>	<u>25,798,012</u>

Notes to the Financial Statements (Continued)
September 30, 2023

22. Taxation

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

	Company and Group	
	2023	2022
Current tax:		
Income tax at 25%	38,418,844	53,901,806
Less: Remission of income tax	(38,418,844)	(53,901,806)
Adjustment in respect of prior years	-	2,377,957
	<u>-</u>	<u>2,377,957</u>
Deferred taxation [note 15(b)]:		
Origination and reversal of other temporary differences	4,933,939	(1,915,802)
	<u>\$ 4,933,939</u>	<u>462,155</u>

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

	Company		Group	
	2023	2022	2023	2022
Profit before taxation	\$135,304,042	197,475,677	144,744,655	197,475,677
Computed "expected" tax expense @ 25%	33,826,011	49,368,919	36,193,664	49,368,919
Difference between profit for financial statements and tax reporting purposes on:				
Depreciation charge and capital allowances	11,224,713	5,312,379	11,224,713	5,312,379
Disallowable expenses	(1,697,941)	(588,005)	(1,697,941)	(588,055)
Tax losses recognised	-	(2,107,289)	-	(2,107,289)
Tax recognised in profit or loss	43,352,783	51,986,004	45,720,436	51,986,004
Less: Remission of income tax	(38,418,844)	(53,901,806)	(40,786,497)	(53,901,806)
Adjustment in respect of prior years	-	2,377,957	-	2,377,957
	<u>\$ 4,933,939</u>	<u>462,155</u>	<u>4,933,939</u>	<u>462,155</u>

(c) Remission of income tax

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

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

Notes to the Financial Statements (Continued)
September 30, 2023

22. Taxation (continued)

(c) Remission of income tax (continued)

Years 1 to 5: (October 1, 2021 – September 30, 2025) – 100%
Years 6 to 10: (October 1, 2025 – September 30, 2030) – 50%.

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

23. Basic and diluted earnings per ordinary stock unit

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

	Company		Group	
	2023	2022	2023	2022
Profit for the year attributable to the shareholders of the company	\$ 130,370,103	197,013,522	139,840,716	197,013,522
Weighted average ordinary stock units held during the year	1,300,750,000	1,300,000,000	1,300,750,000	1,300,000,000
Earnings per stock unit	10.0¢	15.2¢	10.8¢	15.2¢

24. Dividends

On December 24, 2022 a dividend of \$52,000,000 (2022:\$26,000,000) was declared to be paid to the shareholders on record as at January 2, 2023, with payment date scheduled for on or about January 31, 2023. This represents a dividend payment of \$0.04 (2022:\$0.02) per ordinary share.

25. Contingent liabilities

The company has given guarantees in the ordinary course of business, under banking arrangements in the amount \$20,600,000, (2022: \$20,600,000). Additionally, a letter of credit was issued amounting to Nil, (2022: USD 140,000) on behalf of the company in favour of a third party.

26. Financial instruments

Overview:

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

- Credit risk
- Liquidity risk
- Market risk

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

26. Financial instruments (continued)

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

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

The group'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 group considers that cash resources have low credit risk base on external credit ratings. No material impairment allowances were recognised in the prior year and there was no change during the period.

Related party balances

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

Accounts receivable

Customers' credit risks are monitored according to their credit characteristics, such as whether it is an individual or company, geographic location, industry, aging profile, and previous financial difficulties.

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

26. Financial instruments (continued)

(a) Credit risk (continued):

Accounts receivable (continued)

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

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.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continually monitored by the Group.

Stage 2

If a significant increase in credit risk ('SICR') since initial recognition is identified but the financial instrument is not yet deemed to be credit-impaired, it is moved to 'Stage 2'.

Stage 3

Financial assets that have objective evidence of impairment will be included in this stage.

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

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

TROPICAL BATTERY COMPANY LIMITED26. Financial instruments (continued)

(a) Credit risk (continued):

Accounts receivable (continued)

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

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

	Company			
	2022			
	Gross carrying amount	Gross carrying allowance	Expected credit loss	Credit impaired
		\$	\$	
0-30 days	0.23%	171,535,274	400,373	No
31-60 days	0.44%	50,850,738	223,065	No
61-90 days	1.33%	16,829,396	223,993	No
91-120 days	4.71%	1,975,768	93,059	No
121-150 days	9.05%	1,212,923	109,770	No
151-180 days	12.80%	409,817	52,457	No
181-210 days	16.36%	792,746	129,693	Yes
211-240 days	23.48%	867,314	166,297	Yes
241-270 days	31.48%	671,140	211,275	Yes
271-300 days	44.35%	242,568	107,579	Yes
301-330 days	56.35%	183,193	103,211	Yes
331-360 days	76.60%	609,900	377,727	Yes
More than 360 days	100.00%	<u>20,675,220</u>	<u>20,675,220</u>	Yes
		<u>266,855,997</u>	<u>22,873,719</u>	

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

26. Financial instruments (continued)

(a) Credit risk (continued):

Accounts receivable (continued)

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

	Group			
	2023			
	Gross carrying amount	Gross carrying allowance \$	Expected credit loss \$	Credit impaired
0-30 days	0.36%	195,495,290	699,535	No
31-60 days	0.81%	54,005,907	439,951	No
61-90 days	2.16%	14,378,476	310,853	No
91-120 days	13.47%	5,856,439	788,802	No
121-150 days	12.74%	493,849	62,920	No
151-180 days	12.80%	104,382	19,618	No
181-210 days	24.12%	428,960	103,444	Yes
211-240 days	32.80%	343,624	112,695	Yes
241-270 days	42.21%	253,601	107,038	Yes
271-300 days	56.16%	451,461	253,543	Yes
301-330 days	68.73%	322,033	221,348	Yes
331-360 days	87.05%	790,783	688,382	Yes
More than 360 days	100.00%	<u>19,065,589</u>	<u>19,065,589</u>	Yes
		<u>291,990,394</u>	<u>22,873,719</u>	
	Group			
	2022			
	Gross carrying amount	Gross carrying allowance \$	Expected credit loss \$	Credit impaired
0-30 days	0.23%	171,535,274	400,373	No
31-60 days	0.44%	50,850,738	223,065	No
61-90 days	1.33%	16,829,396	223,993	No
91-120 days	4.71%	1,975,768	93,059	No
121-150 days	9.05%	1,212,923	109,770	No
151-180 days	12.80%	409,817	52,457	No
181-210 days	16.36%	792,746	129,693	Yes
211-240 days	23.48%	867,314	166,297	Yes
241-270 days	31.48%	671,140	211,275	Yes
271-300 days	44.35%	242,568	107,579	Yes
301-330 days	56.35%	183,193	103,211	Yes
331-360 days	76.60%	609,900	377,727	Yes
More than 360 days	100.00%	<u>20,675,220</u>	<u>20,675,220</u>	Yes
		<u>266,855,997</u>	<u>22,873,719</u>	

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

26. Financial instruments (continued)

(a) Credit risk (continued):

Accounts receivable (continued)

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

	Company		Group	
	2023	2022	2023	2022
Balance at beginning and end of year	<u>\$22,873,719</u>	<u>22,873,719</u>	<u>22,873,719</u>	<u>22,873,719</u>

(b) Concentration risk:

(i) Trade receivables

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

	Company		Group	
	2023	2022	2023	2022
Top ten customers	72,796,985	63,158,214	80,833,838	63,158,214
Other	<u>199,670,721</u>	<u>203,697,783</u>	<u>211,156,556</u>	<u>203,697,783</u>
	272,467,706	266,855,997	291,990,394	266,855,997
Less: Provision for credit losses	<u>(22,873,719)</u>	<u>(22,873,719)</u>	<u>(22,873,719)</u>	<u>(22,873,719)</u>
	<u>249,593,987</u>	<u>243,982,278</u>	<u>269,116,675</u>	<u>243,982,278</u>

(ii) Cash and cash equivalents and short-term investments

Short term investments comprise of cash on deposit held with financial institutions. The Group maintains cash resources with reputable financial institutions. The credit risk is considered to be low and the allowance for expected credit loss is immaterial.

(iii) Group companies

The group assesses each group company's ability to pay if payment is demanded as at the reporting date. Management reviews recovery scenarios considering given economic conditions and the borrower's liquidity over the expected life of the recoverable. The group has applied the low credit risk exception. The expected credit losses on these balances are immaterial.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

26. Financial instruments (continued)

(c) Liquidity risk:

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

The company's liquidity management process includes:

- (i) Maintaining flexibility in funding by keeping lines of funding available with relevant suppliers and bankers, sourcing the appropriate currency through open market purchase to match foreign currency liabilities and by pursuing prompt payment policies.
- (ii) Maintaining committed lines of credit.

Financial liabilities cash flows

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 obligations at the reporting date. There were no funding gaps identified.

	Company					
	2023					
	Within 1 year	1 to 5 years	Over 5 years	Non-specific maturity	Total	Carrying amount
	\$	\$	\$	\$	\$	\$
Accounts payable	378,551,164	-	-	-	378,551,164	378,551,164
Long-term loans	392,865,884	403,191,627	19,467,917	8,472,489	804,530,000	718,321,953
Leases	38,347,844	189,141,178	189,141,178	-	227,489,022	180,473,648
	<u>\$809,764,892</u>	<u>592,332,805</u>	<u>208,609,095</u>	<u>8,472,489</u>	<u>1,410,570,186</u>	<u>1,277,346,765</u>
	Company					
	2022					
	Within 1 year	1 to 5 years	Over 5 years	Non-specific maturity	Total	Carrying 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	492,051,258
Leases	26,771,664	159,312,505	159,312,505	-	186,084,169	145,566,710
	<u>\$481,109,957</u>	<u>633,906,255</u>	<u>159,312,505</u>	<u>15,524,009</u>	<u>1,130,270,221</u>	<u>1,018,318,761</u>

TROPICAL BATTERY COMPANY LIMITED

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

26. Financial instruments (continued)

(c) Liquidity risk (continued):

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

Financial liabilities cash flows (continued)

	Group					
	2023					
	Within 1 year	1 to 5 years	Over 5 years	Non-specific maturity*	Total	Carrying amount
	\$	\$	\$	\$	\$	\$
Accounts payable	443,199,042	-	-	-	443,199,042	443,199,042
Short-term loan	10,700,000	-	-	-	10,700,000	10,700,000
Long-term loans	399,093,766	410,156,463	23,514,417	25,007,436	834,257,665	745,982,254
Leases	38,347,844	189,141,178	189,141,178	-	227,489,022	180,473,648
	<u>\$891,340,652</u>	<u>599,297,641</u>	<u>212,655,595</u>	<u>25,007,436</u>	<u>1,515,645,729</u>	<u>1,380,354,944</u>
	Group					
	2022					
	Within 1 year	1 to 5 years	Over 5 years	Non-specific maturity*	Total	Carrying 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	492,052,258
Leases	26,771,664	159,312,505	159,312,505	-	186,084,169	145,566,710
	<u>\$481,109,957</u>	<u>633,906,255</u>	<u>159,312,505</u>	<u>15,524,009</u>	<u>1,130,270,221</u>	<u>1,018,318,761</u>

*Non-specific maturity refers to loans by directors which has no specified repayment date.

(d) Market risk:

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

(i) Interest rate risk:

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

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

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

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

26. Financial instruments (continued)

(d) Market risk (continued):

(i) Interest rate risk (continued):

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:

	Company	
	Carrying amount	
	2023	2022
	\$	\$
Fixed rate:		
Liabilities	<u>709,849,465</u>	<u>480,000,000</u>
Variable rate:		
Assets	<u>39,514,113</u>	<u>51,399,752</u>
	Group	
	Carrying amount	
	2023	2022
	\$	\$
Fixed rate:		
Liabilities	<u>720,974,818</u>	<u>480,000,000</u>
Variable rate:		
Assets	<u>47,455,281</u>	<u>51,399,752</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change in interest rates at the reporting date would have (decreased)/increased profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	Company			
	2023		2022	
	Effect on profit		Effect on profit	
	50bp Increase	25bp Decrease	200bp Increase	50bp Decrease
Cash flow sensitivity (net)	<u>\$3,351,677</u>	<u>1,675,838</u>	<u>8,572,005</u>	<u>(214,300)</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

26. Financial instruments (continued)

(d) Market risk (continued):

(i) Interest rate risk (continued):

Cash flow sensitivity analysis for variable rate instruments (continued)

	Group			
	2023		2022	
	Effect on profit		Effect on profit	
	50bp Increase	25bp Decrease	200bp Increase	50bp Decrease
Cash flow sensitivity (net)	<u>3,367,598</u>	<u>1,683,799</u>	<u>8,572,005</u>	<u>(214,300)</u>

(ii) Foreign currency risk:

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

The group incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Jamaican dollar. Such exposures comprise the monetary assets and liabilities of the 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.

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

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

At September 30, 2023:	\$154.20
At September 30, 2022:	\$151.45

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

	Net foreign currency monetary assets/(liabilities)			
	2023		2022	
	US\$	J\$	US\$	J\$
Cash and cash equivalents	90,083	13,895,879	118,507	17,947,885
Accounts payables	(1,712,381)	(266,949,239)	(1,878,633)	(284,518,968)
Net exposure	<u>(1,622,298)</u>	<u>(253,053,360)</u>	<u>(1,760,126)</u>	<u>(266,571,083)</u>

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

26. Financial instruments (continued)

(d) Market risk (continued):

(ii) Foreign currency risk (continued):

Foreign currency sensitivity analysis:

A 1% (2022: 1%) weakening of the United States dollar (US\$) against the Jamaica dollar (J\$) at the year-end would have increased profit by \$5,306,009 (2022: J\$2,665,710). This analysis assumes that all other variables in particular interest rates, remained constant.

A 4% (2022: 4%) strengthening of the United States dollar (US\$) against the Jamaica dollar (J\$) at the year-end would have decreased profit by \$7,206,484 (2022: J\$10,662,843). This analysis assumes that all other variables in particular interest rates, remained constant.

(iii) Equity price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Department of Finance and Administration monitors the mix of debt and equity securities in its investment portfolio based on market expectations. This risk is managed by the monitoring of the market value of the securities on the Jamaica Stock Exchange (JSE) and other foreign stock exchanges and the respective companies' quarterly financial performance.

Equity price sensitivity analysis:

A 6% (2022: 6%) increase in the relevant indexes at the reporting date would have an increase of \$2,370,847 (2022: \$3,083,965) and a 3% (2022: 6%) decrease of \$1,185,423 (2022: \$3,083,985) in the profit for the year for the group and company.

(e) 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.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

26. Financial instruments (continued)

(f) Capital management:

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

27. Segment Reporting

The Board of Directors has determined the Group's operating segments based on the reports reviewed by them that are used to make strategic decisions. The group is organised and managed in two main business segments based on its business activities. The segment arose upon the acquisition of Kaya Energy Group SRL. The primary business of the subsidiary is the distribution renewable energy batteries.

	2023			
	Automotive	Renewable Energy	Elimination	Total
Revenues	2,719,853,937	81,686,986	-	2,801,540,923
Operating profit	233,911,353	11,921,992	-	245,833,345
Depreciation and amortisation	55,832,967	934,348	-	56,767,315
Finance Cost	90,269,918	1,828,963	-	92,098,881
Assets	2,330,354,873	129,168,764	(8,020,436)	2,451,503,201
Liabilities	1,281,034,646	103,008,179	-	1,384,042,825
Equity accounted investees	<u>69,140,665</u>	<u>-</u>	<u>-</u>	<u>69,140,665</u>

	2022		
	Automotive	Renewable Energy	Total
Revenues	2,625,322,327	-	2,625,322,327
Operating profit	264,147,074	-	264,147,074
Depreciation and amortisation	53,706,335	-	53,706,335
Finance Cost	71,362,810	-	71,362,810
Assets	2,039,707,327	-	2,039,707,327
Liabilities	<u>1,031,896,953</u>	<u>-</u>	<u>1,031,896,953</u>

The Group's operations, including its non-current assets, are primarily located in Jamaica. Its customers are also mainly resident in, and operate from, Jamaica. No customer individually represents 10% or more of the Group's revenues. Revenues from markets outside Jamaica are not material. The assets in the renewable segment were all acquired upon the acquisition of Kaya Energy SRL.

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

28. Effect of Purchase of Business

On April 1, 2023, the Group acquired 51 percent of the shares in Kaya Energy Group SRL.

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

The acquisition of Kaya advances the Group's strategy of diversifying its product and service offering and extending its geographical footprint across the Caribbean Basin.

Cost in relation to the acquisition amounting to \$5,380,000 primarily in relation to legal fees. These cost are included in administrative expenses.

The following impact of the above is as follow:

- (a) An increase in share capital by issue of 3,750,000 shares with no par value units aggregating \$7,612,500.
- (b) Goodwill has been recognised in the balance sheet as follow:
- | | |
|---|-------------------|
| Cash consideration | 61,528,165 |
| Shares issued | <u>7,612,500</u> |
| Total consideration | 69,140,665 |
| Net assets acquired | (16,693,580) |
| Non-controlling interest at acquisition | <u>8,673,144</u> |
| Goodwill | <u>61,120,229</u> |

Goodwill is attributable mainly to the skills and talents of Kaya's Workforce and the Synergies expected to be achieved from integrating the company into the group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

- (c) The effects of the transfer of business are detailed below: April 01, 2023

Identifiable Assets Acquired:**Current Asset**

Cash in Cash and Banks	10,312,469
Accounts Receivable	33,368,980
Inventory	28,509,378
Expense paid in advance	4,632,228

Non-Current Asset

Property, Plant and Equipment	<u>6,206,448</u>
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83,029,503

TROPICAL BATTERY COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2023

28. Effect of Purchase of Business (continued)

- (d) The effects of the transfer of business are detailed below: April 01, 2023

Liabilities Assumed:**Current Liabilities**

Accounts Payable	31,977,658
Short term loans	10,831,200
Accruals Payable	1,241,515

Non-Current Liabilities

Long term loans	<u>21,278,837</u>
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65,329,210

Net Assets Transferred	<u>17,700,293</u>
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Measurement of Fair Values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

- Inventories:

Market comparison technique

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

- The trade receivables comprise gross contractual amounts due of \$33.3 Million, of which all was expected to be collectable at the date of acquisition.
- All liabilities were with external parties.

29. Subsequent event

On January 30, 2024, Tropical Battery through its subsidiary Tropical Battery USA acquired 100% in Rose Electronics Distributing Company. Rose Electronics Distributing Company (Rose Batteries) is a renowned provider of specialised batteries for medical devices and aerospace sectors. The acquisition was approved by the Group's Shareholders.

Section 11

DISCLOSURE OF SHAREHOLDINGS

Top Ten Shareholders

Shareholdings of Directors
And Connected Parties

Shareholdings of Senior
Managers

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

<p>REVENUE</p> <p>\$2.8B</p> <p>YOY Increase</p> <p>6.7%</p>	<p>GROSS PROFIT</p> <p>\$876.2M</p> <p>YOY Increase</p> <p>12.9%</p>
<p>DIVIDENDS PAID</p> <p>\$52M</p> <p>YOY Increase</p> <p>100%</p>	<p>SHAREHOLDERS EQUITY</p> <p>\$1.1B</p> <p>YOY Increase</p> <p>5.9%</p>

“ Explore,
innovate and
create.”

CORE VALUE #5



Jamaica Central Securities Depository Limited
Registrar Services Unit
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Date: 09-Oct-2023
Time: 09:31 AM

Top 10 shareholdings for TROPICAL BATTERY COMPANY LIMITED
September 30, 2023

Primary Account Holder	Joint Holder(s):	Volume	Percentage
1 DAI DIVERZE (JAMAICA) LIMITED	Client total ownership	975,000,000 975,000,000	74.7843% 74.7843%
2 CONSCIOUS CAPITAL INC	Client total ownership	41,250,000 41,250,000	3.1640% 3.1640%
3 NCB CAPITAL MARKETS LTD. A/C 2231	Client total ownership	28,294,167 28,294,167	2.1702% 2.1702%
4 TROPICAL BATTERY COMPANY LIMITED CONTRIBUTORY PENSION SCHEME	Client total ownership	23,035,000 23,035,000	1.7668% 1.7668%
5 DANIEL MELVILLE	ANNA MELVILLE	5,016,130 7,692,307	0.3847% 0.5900%
	Client total ownership	12,708,437	0.9748%
6 PAM - POOLED EQUITY FUND	Client total ownership	3,422,064 1,441,799 4,863,863	0.2625% 0.1106% 0.3731%
7 SAGICOR SELECT FUND LIMITED ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION	Client total ownership	4,222,222 4,222,222	0.3239% 0.3239%
8 HERBERT L. HALL	Client total ownership	4,000,000 4,000,000	0.3068% 0.3068%
9 KARINA CRAMER	ANDREW CRAMER	3,750,000	0.2876%
	Client total ownership	3,750,000	0.2876%
		324,405	0.0249%
10 STEPHEN ALEXANDER DAWKINS	Client total ownership	3,175,995 3,500,400	0.2436% 0.2685%

Total Issued Capital:	1,303,750,000
Total Units Owned by Top 10 Shareholders:	1,100,624,089
Total Percentage Owned by Top 10 Shareholders:	84.4199%

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.

REVENUE \$2.8B YOY Increase 6.7%	GROSS PROFIT \$876.2M YOY Increase 12.9%	DIVIDENDS PAID \$52M YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% YOY Increase 5.9%
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(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022



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

TROPICAL BATTERY COMPANY LIMITED - JME202000092
Directors and Connected Parties Shareholdings Report as at September 30, 2023

Board Member Account ID	*Primary Holder Joint Holder	Position on Board	Relationship	Volume	%
Marc Melville	Marc Melville Dai Diverze (Jamaica) Limited	Director	Self	-	0.00000
			Connected	975,000,000	74.78428
			Director's Holdings	-	0.00000
			Connected Party Holdings	975,000,000	74.78428
			Combined Holdings	975,000,000	74.78428
Alexander Melville	Alexander Melville Dai Diverze (Jamaica) Limited Conscious Capital Inc.	Director	Self	-	0.00000
			Connected	975,000,000	74.78428
			Connected	41,250,000	3.16395
			Director's Holdings	-	0.00000
			Connected Party Holdings	1,016,250,000	77.94823
			Combined Holdings	1,016,250,000	77.94823
Daniel Melville	*Daniel Melville Anna Melville *Daniel Melville Dai Diverze (Jamaica) Limited	Director	Self	5,016,130	0.38475
			Self	7,692,307	0.59001
			Connected	975,000,000	74.78428
			Director's Holdings	12,708,437	0.97476
			Connected Party Holdings	975,000,000	74.78428
			Combined Holdings	987,708,437	75.75904
Ricardo Hutchinson	Ricardo Hutchinson Dai Diverze (Jamaica) Limited	Director	Self	-	0.00000
			Connected	975,000,000	74.78428
			Director's Holdings	-	0.00000
			Connected Party Holdings	975,000,000	74.78428
			Combined Holdings	975,000,000	74.78428
Marc Ramsay	Marc Ramsay Operor Auctus Limited	Director	Self	-	0.00000
			Connected	1,500,000	0.11505
			Director's Holdings	-	0.00000
			Connected Party Holdings	1,500,000	0.11505
			Combined Holdings	1,500,000	0.11505
Caryl Fenton	Caryl Fenton	Director	Self	-	0.00000
			Director's Holdings	-	0.00000
			Connected Party Holdings	-	0.00000
			Combined Holdings	-	0.00000

Issued Shares	1,303,750,000	
Combined Director's Holdings	12,708,437	0.97476
Combined Connected Party Holdings	1,017,750,000	78.06328
Comined Holdings	1,030,458,437	79.03804

REVENUE \$2.8B YOY Increase 6.7%	GROSS PROFIT \$876.2M YOY Increase 12.9%	DIVIDENDS PAID \$52M YOY Increase 100%	SHAREHOLDERS EQUITY 1.1B% YOY Increase 5.9%
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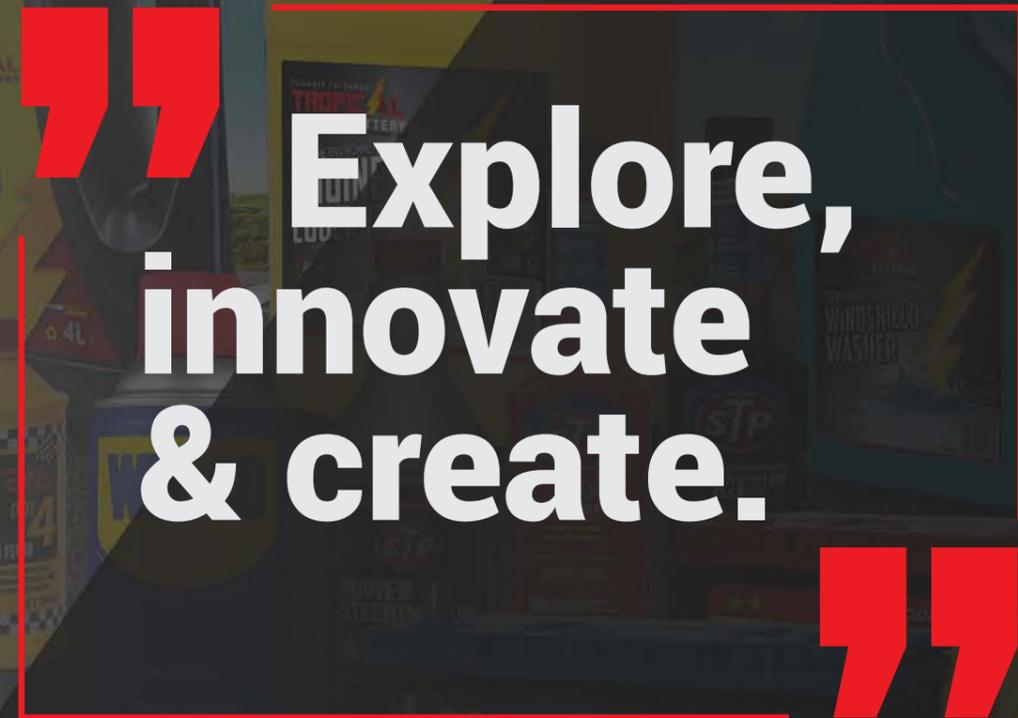


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P.O. Box 1084, 40 Harbour Street, Kingston, Jamaica Tel: (876) 967-3271-4 Fax: (876) 948-6653

TROPICAL BATTERY COMPANY LIMITED - JME202000092
Senior Managers and Connected Parties Shareholdings Report as at September 30, 2023

Board Member Account ID	*Primary Holder Joint Holder	Position on Board	Relationship	Volume	%
Reshando Mais	Reshando Mais	Manager	Self	300,000	0.02301
			Senior Managers Holdings	300,000	0.02301
			Connected Party Holdings	-	0.00000
			Combined Holdings	300,000	0.02301
Stacy-Ann Spence	*Stacy-Ann Spence Leah-Stacia McLean	Manager	Self	50,000	0.00384
			Connected	-	-
			Senior Managers Holdings	50,000	0.00384
			Connected Party Holdings	-	0.00000
Kamesha Robinson	Kamesha Robinson *Kamesha Robinson Taron Robinson	Manager	Self	907,924	0.06964
			Self	196,000	0.01503
			Senior Managers Holdings	1,103,924	0.08467
			Connected Party Holdings	-	0.00000
Stanley Wilson	Stanley Wilson	Manager	Self	-	0.00000
			Senior Managers Holdings	-	0.00000
			Connected Party Holdings	-	0.00000
			Combined Holdings	-	0.00000
Claude Christie	Claude Christie	Manager	Self	50,000	0.00384
			Senior Managers Holdings	50,000	0.00384
			Connected Party Holdings	-	-
			Combined Holdings	50,000	0.00384
O'rane Gray	O'rane Gray *Tawana Gray	Manager	Self	-	0.00000
			Connected	150,000	0.01151
			Senior Managers Holdings	-	0.00000
			Connected Party Holdings	150,000	-
Sandra Russell	*Sandra Russell Patrick Russell	Manager	Self	360,000	0.02761
			Senior Managers Holdings	360,000	0.02761
			Connected Party Holdings	-	-
			Combined Holdings	360,000	0.02761

Issued Shares	1,303,750,000	
Combined Senior Managers Holdings	1,863,924	0.14297
Combined Connected Party Holdings	150,000	0.01151
Combined Holdings	2,013,924	0.15447



CORE VALUE #5

Section 12

CORPORATE DATA

Registered Office

Service Centres

Principal Stockbrokers & Financial Advisers

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022

<p>REVENUE</p> <p>\$2.8B</p> <p>YOY Increase 6.7%</p>	<p>GROSS PROFIT</p> <p>\$876.2M</p> <p>YOY Increase 12.9%</p>
<p>DIVIDENDS PAID</p> <p>\$52M</p> <p>YOY Increase 100%</p>	<p>SHAREHOLDERS EQUITY</p> <p>\$1.1B</p> <p>YOY Increase 5.9%</p>

” Build meaningful relationships. ”

CORE VALUE #4

REVENUE	GROSS PROFIT	DIVIDENDS PAID	SHAREHOLDERS EQUITY
\$2.8B	\$876.2M	\$52M	1.1B%
↑ YOY Increase 6.7%	↑ YOY Increase 12.9%	↑ YOY Increase 100%	↑ YOY Increase 5.9%

REGISTERED OFFICE



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

www.tropicalbattery.com

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

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

DOMINICAN REPUBLIC CORPORATE OFFICE & WAREHOUSE



KAYA Energy Group

Av. 27 de Febrero #299
Edificio Chez Corporativo, Santo
Domingo, Dom. Rep.
Email: gosolar@kayaenergy.com
Phone: 809.985.KAYA (5292)
Website: www.kayaenergy.com

PRINCIPAL STOCKBROKERS & FINANCIAL ADVISERS

SYGNUS Capital Limited

Unit 28
80 Lady Musgrave
Road, Kingston 10,
Jamaica

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, Jamaica.

ATTORNEYS

Ramsay & Partners

8 Lady Musgrave Road
Kingston 5, St Andrew
Jamaica.

Patterson Mair Hamilton

Temple Court 85
Hope Road
Kingston 6, Jamaica.

Clinton Hart & Co.

58 Duke Street
Kingston, Jamaica

REGISTRARS & TRANSFER AGENTS

Jamaica Central Securities Depository

40 Harbour Street
Kingston, Jamaica

FORM OF PROXY

Tropical Battery Company Limited

I/WE _____

of _____

being a member/members of Tropical Battery Company Limited hereby appoint

of _____

Or failing him/her _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held in hybrid format (in person at 30 Automotive Parkway, Ferry Commercial Park, Mandela Highway, Kingston 20) and online on April 25, 2024 at 10am and at any adjournment thereof.

Signed this _____ day of _____ 2024

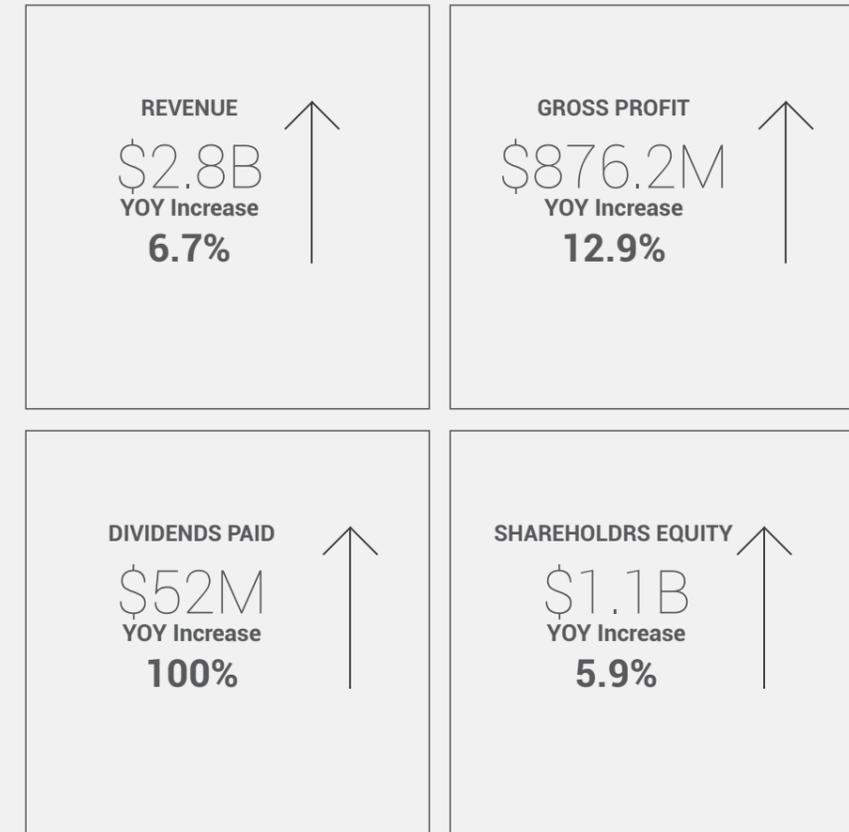
_____ Signature

_____ Signature

Note: To be valid:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
- 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.

(12 Months) FYE Oct - Sept 2023 vs the prior FYE Oct - Sept 2022



Stronger For Longer

TROPICAL 

BATTERY