LUCELEC
ST. LUCIA ELECTRICITY SERVICES LIMITED
60 YEARS
of Powering Progress

Honouring the Past
Energizing the Future

ANNUAL REPORT 2024

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Corporate Information

Vision

To be the energy that powers our nation's success.

Mission

We deliver efficient energy services that are safe, reliable, and environmentally responsible. We meet the expectations of our customers, shareholders and employees and we are a catalyst for social and economic development in Saint Lucia.

Core Values

Caring, Integrity, Excellence, Accountability, Teamwork

Registered Office

LUCELEC Building
John Compton Highway
Sans Souci
Castries
Saint Lucia
Office: 758.457.4400
Email Address: connected@lucelec.com
Website: www.lucelec.com

Attorneys-at-Law

McNamara & Company
20 Micoud Street
Castries
Saint Lucia

Auditors

BDO Saint Lucia
Mercury Court, Choc
Castries
Saint Lucia

Bankers

First Caribbean International Bank
Bridge Street
P. O. Box 335/336
Castries
Saint Lucia

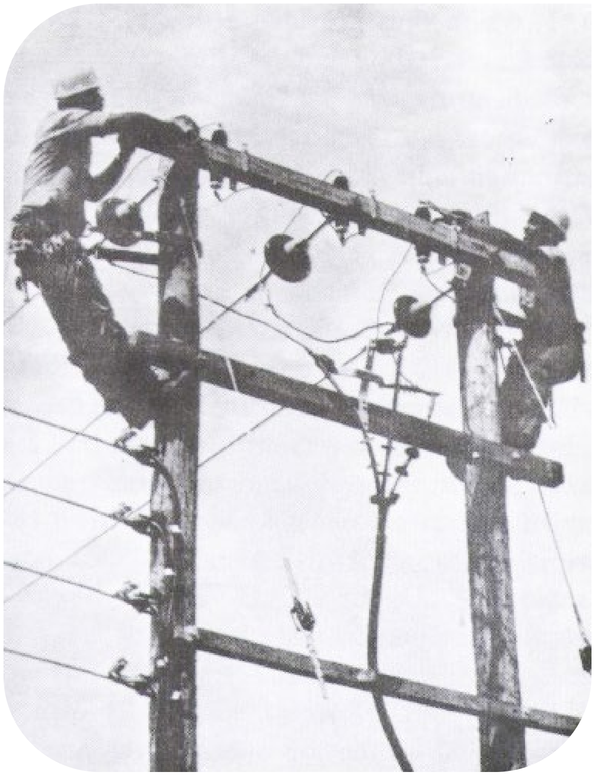
Bank of Saint Lucia Limited
Bridge Street
P. O. Box 1862
Castries
Saint Lucia

Theme Statement

LUCELEC 2025: "60 Years of Powering Progress: Honouring the Past, Energizing the Future"

In 2024, St. Lucia Electricity Services (LUCELEC) proudly marked its 60th anniversary, celebrating six decades of dedicated service since its inception in 1964. Over the past six decades, LUCELEC has been a steadfast supporter of social development and a catalyst for progress and economic development in Saint Lucia, consistently delivering reliable electricity services to residents, businesses, and industries.

As we commemorate this significant milestone, we honour our journey, celebrate our accomplishments, and embrace the vision that has guided us to where we are today. This moment offers a unique opportunity to not only reflect on our past but also look ahead to a future of continued innovation and excellence as we navigate a rapidly changing electricity landscape.



The theme for these anniversary celebrations is **"60 Years of Powering Progress: Honouring the Past, Energizing the Future."** The 2024 Annual Report will embody this theme – highlighting the significant milestones and achievements that our shareholders, stakeholders, team members and customers have helped us to achieve over the years.

As we celebrate, we hereby re-commit to:

1. **Our Heritage**. Reflecting on the rich history and honouring the legacy of achievements of our Company over the past six decades.

2. **Our Stakeholders.** Acknowledging the many contributions of our employees, past and present, our stakeholders, and partners who have been instrumental in this enduring success.

3. **Inspiring Innovation.** Highlighting our commitment to innovation and sustainability, inspiring future advancements in the energy sector – particularly in the transition to renewable energy (RE).

4. **The Power of Caring.** Showcasing our dedication to the socio-economic development of Saint Lucia through various Corporate Social Responsibility and Environment Social and Governance initiatives and community partnership opportunities, thereby deepening our relationship with our communities.

Our aim is to reflect on our past achievements while anticipating and preparing for the challenges and opportunities that await. We are making a more concerted effort to integrate more renewable energy into our operations with the construction of a 10MW solar farm to complement our existing 3MW system and to ensure that we can meet the expected growth in demand for electricity from economic development and use of new emerging technologies. Our commitment to continuous innovation is evident in our efforts to make the LUCELEC grid smarter and the electric vehicle chargers that are now operational across the island. These coupled with the opportunities for our team to demonstrate our Core Values through a well-established volunteer programme that showcases their talents and underscores our dedication will ensure the future of LUCELEC and Saint Lucia reflects a legacy of excellence and service.

LUCELEC Vital Statistics

269	Number of Employees
408.6M	Unit Sales (kWh)
EC$382.6M	Annual Revenues
73,953	Number of Customers
67.61	Maximum Demand (MW)
88.4	Available Generation (MW)
3	Solar (MW)
50	Frequency (Hz)
66	Transmission Voltage (kV)
11	Distribution Voltage (kV)
240	Customer Supply Voltage (V) Single Phase
415	Customer Supply Voltage (V) 3 Phase

LUCELEC 2024 Corporate Performance[1]

Indices	Measure of Success	Target	Performance
O1: Increase long-term shareholder value	Profit After Tax/Net Income ($M)	31.9	38.6
	Improved Working Capital - Current Ratio	1.3	1.8
S5: High quality, competitive offerings to manage my energy needs	Stakeholder (Customer) Satisfaction Score - %	88.0	85.5
	SAIDI (System Average Interruption Duration Index) - Hours	5.58	8.63
	SAIFI (System Average Interruption Frequency Index) - Times	5.43	8.07
	Fuel Efficiency (kWh/litre)	4.32	4.27
P3: Identify & realize process efficiency opportunities P4: Collaborate with the ecosystem on accelerating growth P7: Build & execute a pipeline of diversification opportunities	2035 SBP Execution (Energy Solutions & Efficiency) - Score	70	37
	Total Cost/kWh Sold - $	0.313	0.284
	System Losses (%)	5.75	6.08
	All Injury/Illness Frequency Rate	1.0	0
E1: Build a culture of innovation and accountability, hungry for building a sustainable future E2: Proactively engage employees in our transformation	Employee Engagement Levels (Implementation) - %	90	93
	Employee Engagement Levels (Survey) - %	80	88
	2035 SBP Execution (Enablers) - Score	15	0

[1] Note the results here are for St. Lucia Electricity Services Limited (LUCELEC) only; not for the Group.

LUCELEC 2025 Corporate Targets

Indices	Measure of Success	Target
O1: Increase long-term shareholder value	Profit After Tax/Net Income ($M)	32.1
	Improved Working Capital - Current Ratio	1.5
S5: High quality, competitive offerings to manage my energy needs	Stakeholder (Customer) Satisfaction Score - %	88.0
	System Average Interruption Duration Index (SAIDI) - Hours	6.15
	System Average Interruption Frequency Index (SAIFI) - Times	5.75
	Fuel Efficiency - kWh/litre	4.26
P1: Implement Cost-Effective (RE & Other) Generation and Storage Technologies P2: Practice Capital Planning That Shapes Resilient Smart Grid Evolution P3: Identify & Realize Process Efficiency Opportunities P8: Build & Execute A Pipeline of Diversification Opportunities P7: Regulatory Reform P9: Engage Customers About All Things Energy	2035 SBP Execution (Energy Solutions & Efficiency) - Score	50
	Total Cost/kWh Sold - $	0.303
	System Losses	6.65
	All Injury/Illness Frequency Rate (AIFR)	1.0
E1: Build a culture of innovation and accountability, hungry for building a sustainable future E2: Proactively engage employees in our transformation	Employee Engagement Levels (Implementation) - %	90
	Employee Engagement Levels (Survey) - %	80
	2035 SBP Execution (Enablers) - Score	30

5-Year Operational & Financial Performance At A Glance

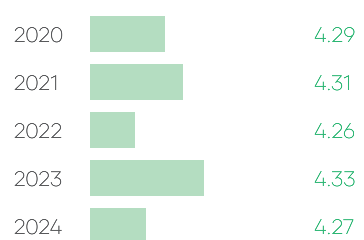
SAIDI - System Average Interruption Duration Index (Hrs)

Lower is Better

SAIFI - System Average Interruption Frequency Duration

Lower is Better

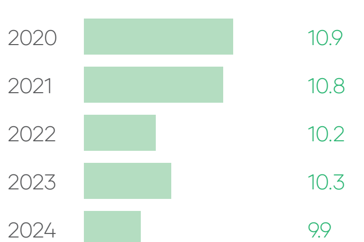
Fuel Efficiency (kWhs/Litre)



System Losses (%)

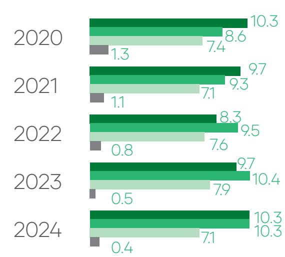
Lower is Better

Return On Equity (%)



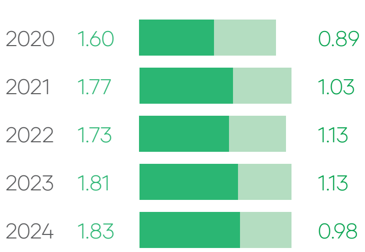
Cost Per Unit (EC cents)

Admin
T&D
Generation
Finance



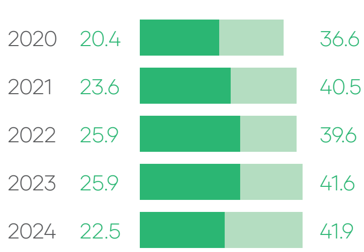
Earnings & Dividends Per Share (EC$)

EPS
DPS



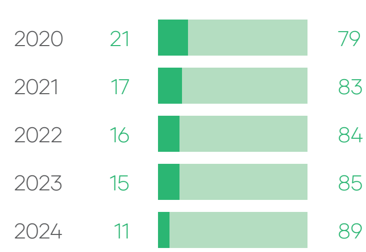
Dividends/Profit After Tax (EC$Millions)

Dividends
Profit After Tax

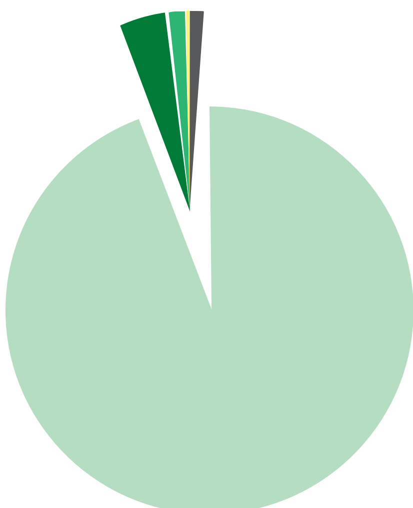


Debt/Equity Ratio (%)

Debt
Equity



2024 Financial Highlights



Where the LUCELEC Dollar Came From	2024	2023
	%	%
Sale of electricity	97.1	95.0
Disposal of assets	1.6	0.0
Borrowings	0.0	3.6
Consumer contributions and deposits	0.8	0.9
Investment income	0.1	0.2
Sundry income	0.4	0.3
	100.0	100.0

How the LUCELEC Dollar was spent	2024	2023
	%	%
Payroll costs	9.5	8.8
Fuel and lubricants	53.8	53.4
Purchase of fixed assets	9.4	9.1
Debt servicing	5.6	5.6
Dividends	5.4	6.1
Payments to Government	4.1	6.1
Operations	12.2	10.9
	100.0	100.0

Chairman's Message

As we celebrate the historic 60th Anniversary of St. Lucia Electricity Services (LUCELEC), it is with great pride and gratitude that I reflect on our journey over the past six decades. Since our inception in 1964, LUCELEC has been a cornerstone of progress and development in Saint Lucia, consistently delivering reliable electricity services to residents, businesses, and industries. This milestone is not just a celebration of our past achievements but a testament to our unwavering commitment to innovation and excellence.

International Industry Overview

The IMF World Economic Outlook (October 2024) highlights a stable yet underwhelming global growth outlook. Despite the seeming stability, there have been notable revisions since April 2024. Emerging markets and developing economies have faced disruptions due to conflicts, civil unrest, and extreme weather events, leading to downward revisions for the Middle East, Central Asia, and sub-Saharan Africa. Emerging Asia, on the other hand, has seen improvements due to surging demand for semiconductors and electronics, driven by significant investments in artificial intelligence (AI). Notwithstanding this, the global economic environment remains challenging, with supply chain issues, geopolitical tensions, and security concerns threatening economic stability.

The global growth forecast five years from now is expected to reach 3.1 percent, significantly lower when compared to pre-pandemic averages. As global disinflation continues, services price inflation remains elevated in many regions, emphasizing the importance of understanding sectoral dynamics and calibrating monetary policy accordingly.

Local & Regional Industry Overview

According to the United Nations World Economic Situation and Prospects Report, economic growth in the Caribbean is expected to remain steady at 2.5%, in line with the projected figure for 2024. The broader Latin America and Caribbean (LAC) region is forecast to see an improvement in GDP growth from an estimated 1.9 percent in 2024 to 2.5 percent in 2025.

High debt levels and vulnerability to climate shocks are among the factors constraining progress towards the achievement of key Sustainable Development Goals (SDGs). Despite this, the outlook for the wider Caribbean remains cautiously optimistic, with stable economic growth projected. To achieve sustainable and inclusive growth, regional governments must continue to move decisively to address structural bottlenecks and vulnerabilities. This includes the implementation of fiscal consolidation measures, improving public financial management, and enhancing the business environment to sustain economic growth and resilience.

The Saint Lucian economy is on a path of continued growth, with an estimated growth rate of 4.3 percent for 2024 and projected growth of 3.6 percent for 2025. Over the medium term, this growth is expected to moderate to 1.5 percent. This growth is driven largely by tourism and the construction and services sectors. Public debt to GDP ratio decreased from 93.2 percent in 2020 to 72.9 percent in 2023. While commendable, this is above the target of 60 percent set by the Eastern Caribbean Central Bank. EC member countries are expected to meet this target by 2035. Like our regional counterparts, prudent fiscal management and sustainable debt management are critical to maintaining this trajectory.

Implications for the Energy Sector

For the energy sector, the emphasis on sustainability and the continuing transition to renewable energy (RE) sources are paramount. This requires significant investments in renewable energy (RE) projects to meet the growing demand for cleaner sources of energy and to reduce reliance on fossil fuels. The increasing frequency of weather events underscores the need to enhance the resilience of energy infrastructure by investing in technologies and systems capable of withstanding natural disasters and ensuring a stable energy supply. Utilities like LUCELEC must continue to leverage technological innovation in areas such as artificial intelligence, smart grid technologies, and storage systems.

Additionally, navigating the evolving regulatory landscape remains a critical concern, and the very viability of energy providers requires agility. Other key considerations include diversifying energy sources, securing supply chains, and developing contingency plans to mitigate potential disruptions.

LUCELEC Corporate Performance

The overall performance for 2024 was encouraging, despite the performance in the technical areas being negatively impacted by several unexpected incidents. Equipment failure and third-party damage to critical infrastructure rendered the system configuration suboptimal, as evidenced by the SAIDI and SAIFI performance. This was unfortunate, as compared to 2023, which delivered the best technical performance on record. Despite the challenges faced with reliability, LUCELEC made strides towards the implementation of a comprehensive Fuel Management System upgrade that will help in identifying and addressing factors that reduce fuel efficiency. Notable progress was also made regarding the land acquisition for the long-awaited 10MW Solar Farm in Troumassee, Micoud and the completion of a 20-Year Power System Development Plan, which focuses on the shift towards renewable energy, and improving resilience and reliability in line with Saint Lucia's National Energy Policy. Additionally, the Company operationalized electric vehicle charging stations at four key locations across the island.

Of the 13 approved performance targets, the Company achieved or surpassed six, was within the threshold for one and fell below the threshold in six areas.

The Company outperformed expectations in Profit After Tax (PAT), Working Capital Ratio, Total Cost per Kilowatt Hour Sold (Total Cost/kWhs Sold), All Injury/Illness Frequency Rate (AIFR), Employee Engagement Levels (Implementation), and Employee Engagement Levels (Survey). The performance for the 2035 Strategic Business Plan Execution (Energy Solutions & Efficiency) measure was slightly above the threshold. However, performances in Customer Satisfaction, System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), Fuel Efficiency, System Losses, and the 2035 Strategic Business Plan Execution (Enablers) measure fell below the threshold. Although the Customer Satisfaction Score of 85.5 percent is an improvement from the previous year's 84.9 percent, it fell short of the target of 88 percent.

At the very core of our efforts to provide a reliable energy supply and to achieve our strategic and operational objectives are our people. The positive trends in our 'people' metrics are encouraging, and I am particularly pleased with the fact we have recorded no work-related lost time accidents or injuries and notable improvements in employee engagement scores from 78% in 2023 to 88% in 2024.

Outlook

We continue to look to the future with cautious optimism. It is anticipated that the revised Electricity Services Supply Act and accompanying regulations will be finalized in the coming year, marking a pivotal step towards renewable energy transition. This, coupled with the expected finalization and approval by the regulator of a new Integrated Resource Resilience Plan (IRRP), will support a

balanced approach and outline the optimal mix of energy resources required to meet the energy policy objectives. We remain steadfast in our advocacy for a meticulously planned transition, ensuring that our electricity supply remains both affordable and reliable.

We intend to capitalize on emerging opportunities, enhance operational efficiency, and invest in sustainable renewable energy solutions. Over the medium to long term, we will embark on several key projects to advance renewable energy plans, enhance operational efficiency, and improve grid resilience and long-term plant reliability. As the energy services landscape continues to evolve, LUCELEC will continue to adapt in response to and in anticipation of these changes, with prudent management, the adoption of innovative technologies, the strengthening of relationships with our key stakeholders, and supporting the communities we serve.

Conclusion

In conclusion, I want to extend my profound gratitude to our exceptional employees for their relentless dedication and unwavering commitment to our company's vision. As we celebrate **60 Years of Powering Progress: Honouring the Past, Energizing the Future**, we recognize that our journey has been fueled by the tireless efforts of our team members and all those who have gone before them and the steadfast support of our shareholders and customers. Your confidence has been instrumental in our sustained success.

We remain resolute in our mission to deliver efficient energy services that are safe, reliable, and environmentally responsible and create greater value for our stakeholders.

We look to the future with eager anticipation for the opportunities that lie ahead. We are confident that our continued focus on innovation, sustainability, and excellence will enable us to navigate the challenges and achieve even greater success in the years to come.

John C. Joseph
Chairman

Board of Directors

John C. Joseph
Chairman - Acc. Dir.

John C. Joseph was appointed to the Board of Directors of St. Lucia Electricity Services Limited in January 2016 representing minority shareholders. Mr. Joseph is the Chairman of the Board's Strategic Planning and Investments Committee and a member of the Human Resources Committee. Mr. Joseph is a consultant and regional associate consultant with Water and Waste Water Solutions of Canada (WWWS) specializing in the utilities sector. He has an MBA (Corporate Finance) from Fairleigh Dickinson University and a BSc degree in Economics (Upper Second-Class Honours) from the University of the West Indies as well as over 30 years' experience in the utilities sector.

Gilroy Pultie
Managing Director - Acc. Dir.

Gilroy Pultie was appointed to the Board of Directors of St. Lucia Electricity Services Limited on July 1, 2023, and is the Managing Director of St. Lucia Electricity Services Limited. He holds a BSc in Electrical Engineering from the University of the West Indies and an MBA in Finance from Heriot-Watt University - Edinburgh School of Business. Mr. Pultie is a member of the Board's Human Resources and Strategic Planning and Investments Committees.

Dr. Frederick Isaac
Acc. Dir.

Dr. Frederick Isaac was appointed to the Board of Directors of St. Lucia Electricity Services Limited by the National Insurance Corporation (NIC) on November 15, 2019. Dr. Isaac is a multi-disciplinary consulting engineer. He has been the Chairman of Smart Technologies since 2019 and Energy & Advance Control Technologies since 2007. Dr. Isaac is a member of the Board's Strategic Planning and Investments and Audit Risk and Compliance Committees.

Appointed: (November 2019 – October 2024)

Charles Serieux
Acc. Dir.

Charles Serieux was appointed to the Board of Directors of St. Lucia Electricity Services Limited on December 2, 2016, representing minority shareholders. Mr. Serieux is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants of the Eastern Caribbean (ICAEC). He has been the Managing Director of the Ultramart Inc. chain of supermarkets between 2004 and 2022. Mr. Serieux is the Chairman of the Board's Audit Risk and Compliance Committee, a member of the Governance Committee and, the Board representative on the LUCELEC Staff (Grade II) Pension Scheme.

Calixte I. S. N. George
Acc. Dir.

Calixte I. S. N. George was appointed to the Board of Directors of St. Lucia Electricity Services Limited on August 17, 2021, by the Government of Saint Lucia. Mr. George has varied professional experience in Public Administration and Policy, Construction, Media, and Communications. He is a University of the West Indies Open Scholar with an academic background in Electrical & Computer Engineering (Communication Systems) and is also certified in Solar PV Design & Installation. He is a member of the Board's Governance and Strategic Planning & Investments Committees.

Geraldine Lendor - Gabriel
Acc. Dir.

Geraldine Lendor-Gabriel was appointed to the Board of Directors of St. Lucia Electricity Services Limited on October 19, 2021, by the Castries Constituencies Council. She is a Certified General Accountant and the holder of an MSc degree in Environmental Management (University of Derby in the UK) and a BSc (Hons) in Economics and Management (UWI, Cave Hill, Barbados). H.E. Mrs. Lendor-Gabriel is currently the Mayor of Castries. She has over 25 years' experience in the field of Finance and Accounting, over 15 years in the area of Waste and Environmental Management, and over 10 years in human resource development. Mrs. Lendor-Gabriel is a member of the Board's Audit Risk and Compliance and Strategic Planning and Investments Committees. She previously served as a member of the Governance Committee.

Lindi Ballah-Tull
Acc. Dir.

Lindi Ballah-Tull was appointed to the Board of Directors of St. Lucia Electricity Services Limited by First Citizens Bank Limited on May 12, 2019. She is currently the General Counsel and Group Corporate Secretary of the First Citizens Group. She has 30 years' experience in the field of Corporate Law and Banking. Mrs. Ballah-Tull holds a Bachelor of Laws (LLB) Degree (Honours) from the University of the West Indies, Cave Hill, Barbados, and a Legal Education Certificate (LEC) from the Hugh Wooding Law School, St Augustine, Trinidad and Tobago. She holds membership in the Law Association of Trinidad and Tobago, the Corporate Governance Institute of Trinidad and Tobago and the Chartered Governance Institute of Canada. She is the Chairperson of the Governance Committee and a member of the Board's Audit Risk and Compliance Committee.

Lisa-Ann Fraser
Acc. Dir.

Lisa-Ann Fraser was appointed to the Board of St. Lucia Electricity Services Limited on January 20, 2023, by Emera (St. Lucia) Limited. Mrs. Fraser is the General Counsel at Emera Caribbean Incorporated (ECI) and Corporate Secretary for the Emera Caribbean group of companies. She holds a Bachelor of Laws (LL.B) degree with Honours from the University of the West Indies (UWI), a Master's degree in Energy, Environment and Natural Resources Law (LL.M) from the University of Houston Law Center, and an LL.M in Legislative Drafting from UWI. Mrs. Fraser has extensive experience in law, sustainable energy policy and governance. Mrs. Fraser is a member of the Board's Audit Risk and Compliance and Governance Committees.

Roger Blackman
Acc. Dir.

Roger Blackman was appointed to the Board of Directors of St. Lucia Electricity Services Limited by Emera (St. Lucia) Limited on March 19, 2016. Mr. Blackman is a Mechanical Engineer by profession and holds a BSc in Engineering degree from the University of the West Indies, St. Augustine Campus and an MBA from Durham University, UK. He is also the Managing Director of Barbados Light & Power Company Limited. Mr. Blackman is a member of the Board's Strategic Planning and Investments and Human Resources Committees. He previously served as a member of the Audit Risk and Compliance Committee.

Dr. Bernard La Corbinière
Acc. Dir.

Dr. Bernard La Corbinière was appointed to the Board of St. Lucia Electricity Services Limited on November 28, 2024, by the National Insurance Corporation. Dr. La Corbinière is a Consultant Economist and Director on various private sector Company Boards. He is a former Permanent Secretary in the Saint Lucia Ministry of Finance and Managing Director of Bank of Saint Lucia and the Saint Lucia Development Bank. He holds a Bachelor of Science (BSc) in Economics from the University of the West Indies, a Master's (MSc) in Computer Science and a Doctor of Philosophy (Ph.D.) in Economics from the University of Kent at Canterbury in the United Kingdom. He also holds the qualification of Doctor of Chinese Energetic Medicine (DCEM) from Bian Hua Gong in California, USA. Dr. La Corbinière has extensive experience in finance, banking and economics in St. Lucia and the Caribbean, including assignments undertaken under the auspices of regional and international institutions. He is a member of the Board's Human Resources and Audit Risk and Compliance Committees.

Jason Julien
Acc. Dir.

Jason Julien was appointed to the Board of Directors of St. Lucia Electricity Services Limited on December 27, 2023 by First Citizens Bank Limited. He is a Chartered Financial Analyst with over 20 years' experience in the financial services industry and the holder of a BSc in Management Studies with honours from the University of the West Indies, an MBA from Edinburgh Business School as well top honours in IABF's 2018 Professional Certificate for Financial Advisors Programme (Cert. FA) in the Banking Specialization. Mr. Julien is currently a member of the Board of Directors of the Trinidad and Tobago Chamber of Industry and Commerce and Term Finance Holdings Limited and is also a Director on the boards of several subsidiaries within the First Citizens Group. Mr. Julien has extensive experience in the areas of finance, business and banking and is a member of the Board's Governance and the Audit Risk and Compliance Committees.

Evaristus Jn Marie
Acc. Dir.

Evaristus Jn Marie was appointed to the Board of Directors of St. Lucia Electricity Services Limited on November 5, 2021, by the National Insurance Corporation (NIC). Mr. Jn Marie is currently the NIC Chairman and has been the Managing Director of Jn Marie & Sons Ltd since 1997. He is the holder of a MSc degree in Project Management from Salford University in Manchester, England, and a Member of the Association of Accounting Technicians. Mr. Jn Marie is a member of the Board's Audit Risk and Compliance and Human Resources Committees.

Directors' Report

The Directors present their report for the year ended December 31, 2024.

Principal Activities

The Company's principal activities consist of the generation, transmission, and distribution of electricity. There were no significant changes to the nature of the Company's activities during the year.

Directors

The Directors of the Company since the 59th Annual Shareholders' Meeting were:

Non-Executive Directors:

- Mr. John Joseph
- Dr. Frederick Isaac (resigned effective October 31, 2024)
- Dr. Bernard La Corbiniere (appointed November 28, 2024)

- Mr. Roger Blackman
- Mr. Charles Serieux
- Mrs. Lindi Ballah-Tull
- Mrs. Geraldine Lendor-Gabriel
- Mr. Evaristus Jn Marie
- Mr. Jason Julien
- Mrs. Lisa-Ann Fraser
- Mr. Calixte I. S. N. George

Executive Director:

- Mr. Gilroy Pultie

Financial Results

The Company sold 408.6 million kWhs of electricity, a 5.8% increase from the previous year attributable to increases in sales in all sectors except for Streetlights. Despite the increase in unit sales, total revenues were EC$382.6 million, a 1.1% decrease compared to the previous year due to a reduction in the average price of electricity.

Net profit for the year for the Group was EC$41.9 million, an increase of 0.7% compared to the previous year. The Group achieved Earnings per Share of EC$1.83, an increase of 1.1% compared to 2023.

Assets acquired during the year amounted to EC$38.9 million comprising mainly of upgrades to the transmission and distribution network, building and construction, station improvements and engine overhauls.

Dividend

The Board of Directors declared a total dividend of EC$0.98 per ordinary share for 2024. The Company paid an interim dividend in December 2024 of EC$0.45 per ordinary share.

In 2025, the Board of Directors will make a recommendation to the shareholders on the total dividend for the 2024 financial year.

State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company during the financial year, except for the following:
Legal Action: Employees who were previously enrolled in the Eastern Caribbean Utilities Pension Scheme (ECUPS), a defined benefits scheme, initiated legal action against the Company. This action was a consequence of:

- The termination of the ECUPS by the Trustees in 2018.
- The Company's decision to continue providing a pension to them through the existing defined contribution pension scheme.

The parties have agreed to mediation, which has commenced.

Events Subsequent to Balance Sheet Date

Apart from the matter described under this heading and other matters discussed elsewhere in the Annual Report, the Directors are not aware of any other matters or circumstances which have arisen since December 31, 2024 that have a significant effect or may significantly affect the operations of the Company in subsequent financial years, the results of those operations, or the state of affairs of the Company in future years.

By order of the Board of Directors

Gillian S. French
Company Secretary

Management Team

Gilroy Pultie
Managing Director

MBA (Finance), BSc (Electrical & Computer Engineering), Acc. Dir.

Ian Peter
Chief Strategy Officer

FCCA, BSc (Management Studies)

Gary Eugene
Chief Engineer

MEng (Electronics Engineering), Registered Professional Engineer, Acc. Dir.

Bridget Ziva Phillips
Chief Financial Officer

FCCA, MBA (Finance), BSc (Economics & Accounting), Acc. Dir.

Sharon Narcisse
Chief Human Resources Officer

MSc (Human Resource Management), PGDip (Human Resource Management), BA (Business Administration), AS (Computer Information Systems)

Roger Joseph
Senior Manager, Strategy Execution & Innovation

MA (International Communication & Development), Dip. Mass Communication

Jevon Nathaniel
Senior Manager, Generation

MSc (International Business Administration), MSc (Computer Science), BSc (Electrical & Computer Engineering), Acc. Dir.

Allison Marquis
Senior Manager, T&D

BSc (Electrical & Computer Engineering)
(Appointed October 1, 2024)

Wynn Alexander
Senior Manager, Information Systems

MEng Internetworking, BSc (Computer Science), Dip. Financial Management, Dip. Business Administration, PMP, CISM, Acc. Dir.

Omari Frederick
Senior Manager, Corporate Communications

MBA (Marketing & Sales Management), BBA (Human Resource Management/ Organizational Development)

Jennifa Flood-George
Senior Manager, Customer Service

BSc (Management Studies/ Psychology)

Gillian French
General Counsel/ Company Secretary

LLB (Hons), LEC, Masters (Telecommunications Regulation and Policy) with distinction, Acc. Dir., ACIS

Maxine Leon
Senior Manager,
System Control

BSc (Electrical & Computer Engineering)

Ormond Reece
Senior Manager,
Planning

MSc (Electrical Power Systems), BSc (Electrical and Computer Engineering)

Hester Hyacinth
Senior Manager,
Finance and Accounts

FCCA
(Appointed July 1, 2024)

Callixta Branford
Senior Manager,
Internal Audit

CPA, CGA

Operations Review

Despite recording the best performance to date in 2023, owing to critical technical challenges faced in 2024, performance fell short of all technical targets (SAIDI, SAIFI, System Losses, and Fuel Efficiency) for the period.

SAIDI of 8.63 hours and a SAIFI of 8.07, both failed to meet respective targets of 5.58 hours and 5.43. Fuel efficiency was 4.27 kWh/litre against a target of 4.32 kWh/litre. System losses were recorded at 6.08% against a target of 5.75%.

Corporate Performance[2]

Of the 13 corporate performance targets approved by the Board of Directors for 2024, the Company achieved target or better on six, between threshold and target on one, and below threshold on six.

[2] See Corporate Performance Table on page 8

The Company performed better than target for Profit After Tax (PAT), Working Capital Ratio, Total Cost per Kilowatt Hour Sold (Total Cost/kWhs Sold), All Injury/Illness Frequency Rate (AIFR), Employee Engagement Levels (Implementation), and Employee Engagement Levels (Survey). Performance for the 2035 Strategic Business Plan Execution (Energy Solutions & Efficiency) measure was slightly better than threshold. Performances for Customer Satisfaction, System Average Interruption Duration Index (SAIDI), System Average Interruption Frequency Index (SAIFI), Fuel Efficiency, System Losses, and the 2035 Strategic Business Plan Execution (Enablers) measure were below threshold. The Customer Satisfaction Score (85.5%) is slightly better than the previous year's performance (84.9%) and is a good score but fell below the high standards set for our targets.

The performance against the technical targets is a major setback after excellent performances in the previous year. For SAIDI and SAIFI, several incidents including defective equipment and third-party damage to an underground cable impacted performance. These last two left the system in a less-than-optimal configuration for some time and adversely impacted reliability.

Importantly, the results point to improvements in our people metrics. It is especially heartening to have registered zero work-related lost time accidents or injuries and significant improvements in our employee engagement scores.

Operational Performance

In 2024, the system experienced notable challenges leading to a SAIDI performance of 8.63 hours and a SAIFI of 8.07; falling short of the targets set of 5.58 hours and 5.43, respectively. This marked a significant reduction in reliability compared to the record performance in 2023. The primary causes were Tropical Storm Beryl and a cable fault on the Hospital Feeder due to foreign interference which resulted in the failure of two earthing transformers at Cul de Sac Substation and the subsequent loss of all Station A feeders. Looking ahead, the technical division is focused on achieving much-improved reliability figures in 2025.

Generation Department

In 2024, the Generation Department embarked on a series of ambitious projects aimed at enhancing operational efficiency, optimizing equipment performance, and ensuring long-term plant reliability. The primary focus was modernizing and overhauling critical generation assets. Notably, two diesel generators, DG8 and DG9, underwent comprehensive overhauls, to guarantee sustained efficiency. These efforts were bolstered by the installation of new ventilation units on DG8, DG9 and DG7, addressing potential temperature issues and optimizing their operating environment.

The replacement of the pivotal station transformer, "TRF1", marked a significant upgrade, enhancing the plant's electrical infrastructure, and improving reliability and flexibility. Further improvements included a Level 4 Alternator Overhaul on DG5, a complex procedure designed to maximize the alternator's performance and longevity. The upgrade of the Speed Monitoring Units to the Wartsila Engine Speed Module (ESM) on the Wartsila engines introduced future-proof control capabilities, facilitating seamless integration with long-term plant upgrades.

Finally, a comprehensive Fuel Management System upgrade, featuring real-time monitoring of all fuel tanks, was implemented. This upgrade enables precise tracking of fuel consumption, promoting better resource management and cost control. Each of these projects was strategically chosen to contribute to the overarching goals of increased reliability, optimized performance, and improved efficiency.

Despite substantial progress in infrastructure improvements, 2024 presented unprecedented challenges. A critical situation arose with the prolonged unavailability of Station A, caused by the failure of its earthing transformers. The outage placed immense pressure on Station B, leading to additional forced outages and requiring rapid adaptation from the entire team. The staff and management of the Generation Department demonstrated exceptional resilience and dedication, navigating the difficult period with coordinated efforts, innovative problem-solving, and a steadfast commitment to safety. Their commendable efforts ensured the system's power demands were met, generation assets were diligently maintained, and all operations were conducted safely and sustainably.

Looking ahead to 2025, major overhauls are planned for DG6, DG7 and DG10, along with infrastructure upgrades for the MAK engines in Station A to ensure their reliability until scheduled decommissioning in 2029. These activities must be carefully coordinated with regular planned maintenance on all engines and auxiliaries.

Transmission and Distribution (T&D) Department

In 2024, the availability of materials improved significantly, enabling the department to operate with greater efficiency. However, the reliability of the northern system faced substantial challenges due to the loss of critical components at the Cul de Sac Substation. This incident necessitated a strategic reconfiguration of the system to ensure uninterrupted power supply to the affected areas.

Tropical Storm Beryl struck in July 2024, further testing the resilience of the system. The Transmission and Distribution team demonstrated exceptional leadership and efficiency, quickly restoring power to customers and displaying their commendable crisis management skills.

The T&D supervisors completed advanced leadership training, and newly recruited linesmen completed their lineman training. These training initiatives have significantly bolstered the department's capabilities, resulting in a more proficient and effective team, dedicated to maintaining and improving the reliability and efficiency of the power distribution network.

For 2025, the focus will remain on enhancing grid resilience and reducing system losses, through network improvements, maintenance, and the installation of fixed and switched capacitors.

System reliability will be further increased with the installation of additional fault current indicators (FCIs) to improve fault detection times. The department will continue the drive to further improve operational performance by exploring innovative technologies such as drone inspection systems with infrared cameras and AI (Artificial Intelligence). Additionally, there will be an effort to digitize the data capture and analysis system for inspections, to streamline maintenance management.

System Control

A higher-than-average System Average Interruption Duration Index (SAIDI) figure in January 2024 set the stage for a challenging and transformative 2024 and marked the beginning of a year filled with significant operational milestones and obstacles. Excluding the impact of Hurricane Beryl in July 2024, the overall SAIDI performance for the year was 8.63 hours per customer, a significant increase from the best performance on record of 4.52 hours in 2023.

The failure of a single distribution feeder underground cable due to foreign interference, coupled with the loss of two earthing transformers at the Cul de Sac Substation in August 2024 posed significant challenges to grid management. These incidents restricted generation dispatch and distribution network configuration options for an extended period. Notwithstanding this, timely collaboration across technical teams produced innovative and proactive solutions for network reconfiguration and effective power supply management during this demanding period.

Despite logistical delays and scheduling challenges, the Protection & Control Section delivered an impressive 89% of its 2024 work program. Notably, the team achieved significant milestones including the testing and recommissioning of three of four zones of the 66kV busbar protection at the Cul de Sac Substation.

For 2025, the challenges of 2024 underscore the need to maintain accurate, structured, readily available data for safe, secure, reliable, and resilient grid management. To this end, key work items in 2025 will focus on cyber security improvements, commissioning communication to all distribution automation devices, SCADA System upgrade with distributed energy resource management capabilities and continued efforts at decentralization of geographic information system data capture to improve data accuracy and currency.

Facilities and Construction Management (F&CM)

The F&CM Section had an active year in 2024, managing both ongoing maintenance tasks and new projects. Several significant capital and maintenance projects were initiated, while others reached completion. Noteworthy accomplishments included the procurement of materials for the water and fire hydrant distribution infrastructure upgrade at Cul de Sac, the electrical infrastructure upgrade at

T&D West Block (Cul de Sac), Union Substation, and Reduit Substation. Additionally, the installation of new panel walls at the Soufriere and Reduit substations, the upgrade of emergency lighting at all substations, the refurbishment of the Cul de Sac Garage, the roof replacement at Vieux Fort T&D, and the outfitting of the new Customer Service Office within the new CARILEC facility at Sans Souci were completed.

Furthermore, F&CM oversaw the construction of a new Shift Attendant Booth within Generation Station A, the replacement of a new 3-phase line from Generation to Garage, and the commencement of a new Server Room on the ground floor of Station A. The phase 1 drainage upgrade for Cul de Sac, combined with the platform for storage of pad-mounted transformers, is still in progress due to additional modifications but is expected to be completed in 2025.

Projects scheduled for 2025 include the installation of a new potable water and fire distribution system at Cul de Sac, maintenance upgrades at our Generation plant and the T&D East Block (Cul de Sac), and significant upgrades to the System Control room, and repurposing the ground floor of the Administrative Building for additional office space. Also, plans are in place to decommission the Old Power Station at Port Vieux Fort and prepare for same at the Union Power Station.

Industrial Relations

November 1, 2024, marked a significant achievement for the Company with the successful signing of the Collective Agreement with the National Workers Union (NWU) for two triennia: March 1, 2018, to February 28, 2021,

and March 1, 2021, to February 29, 2024. This successfully concluded negotiations, which extended over two years, commencing in September 2022. The process, while protracted, underscored the value of perseverance, compromise, and mutual respect. Management and the Union demonstrated remarkable resolve and reasonableness in overcoming differences to achieve a shared goal while balancing the interests of the employees and those of the Company.

In 2024, the Company additionally collaborated with the Civil Service Association (CSA) to address staff grievances before starting negotiations for the outstanding trienniums. We are optimistic that the Company and the Union will settle negotiations by the end of 2025 for the trienniums from January 1, 2020, to December 31, 2022, and from January 1, 2023, to December 31, 2025.

Financial Operations Summary

EC$382.6M
Total Revenues

EC$236.7M
Retained Earnings

9.9%
Return on Equity (ROE)

12.80%
Return on Contributed Capital (Rate of Return)

EC$41.9M
Profit After Tax (PAT)

EC$0.98
Total Dividend per Share declared for 2024

EC$0.45
Interim Dividend per Share declared for 2024

EC$38.9M
Capital Expenditure

EC$1.83
Earnings per Share (EPS)

11:89
Debt to Equity Ratio

43
DSO (days)

CariBBB- (Adequate)
Credit Rating (CariCRIS)

Financial Operations

The following is an analysis of the consolidated results of St. Lucia Electricity Services Limited (the Company) and its subsidiaries - ENERGYZE Holdings Inc. and LUCELEC Cap-Ins. Inc.

Sales & Revenues

The Company experienced an increase in sales of 5.8% compared to a 3.3% increase in 2023. Sales increased in the Hotel (4.0%), Industrial (6.0%), Domestic (8.9%) and Commercial (7.3%) sectors, primarily due to an increase in the number of customers, while the Streetlighting sector decreased by 49.2%. Sales in the Streetlighting sector declined since the Government of Saint Lucia replaced all High-Pressure Sodium Streetlights with energy-efficient LED Streetlights in 2024.

Total revenue of EC$382.6M was lower than 2023's revenue of EC$387.0M by EC$4.4M (1.1%) due to the reduction in the average price of electricity (EC$19.3M) and unbilled sales provision (EC$7.1M), despite the increases in unit sales (EC$21.9M or 5.8%) and sundry revenue (EC$0.1M).

Operating & Finance Costs

Generation costs totaling EC$29.2M (excluding fuel costs) were lower than the previous year's costs of EC$30.3M by EC$1.1M (3.6%) mainly as a result of decreases in engine maintenance costs (EC$1.1M), solar farm maintenance costs (EC$0.1M) and payroll costs (EC$0.3M), despite increases in depreciation (EC$0.1M), building maintenance costs (EC$0.1M) and insurance (EC$0.2M).

Transmission and distribution (T&D) costs totaling EC$42.2M increased by EC$2.1M (5.2%) compared to the prior year's cost of EC$40.1M due to increases in T&D network maintenance costs (EC$2.1M), payroll and other employee costs (EC$0.9M), depreciation (EC$0.1M), motor vehicle (EC$0.1M) and building maintenance costs (EC$0.1M) despite decreases in disaster restoration costs (EC$0.5M), software maintenance (EC$0.1M), customer service requests (EC$0.1M) and insurance (EC$0.5M).

Administrative expenditure totaling EC$42.1M increased by EC$4.8M (12.9%) compared to EC$37.3M in 2023. This was due to increases in payroll costs (EC$0.9M), repairs and maintenance (EC$0.3M), amortization and depreciation (EC$0.1M), motor vehicle costs (EC$0.1M), training and conferences (EC$0.2M), insurance (EC$1.2M), bank charges (EC$0.2M), strategic initiatives (EC$0.7M), public relations and sponsorships (EC$0.3M), security (EC$0.2M), telecommunications (EC$0.1M), disaster response costs (EC$0.2M), stock losses (EC$0.3M) and other administrative

Snapshot of some team members who built LUCELEC

costs (EC$0.2M), and, despite a reduction in professional fees (EC$0.7M). A reduction in the impairment gains on trade and other receivables (EC$0.5M) also contributed to the increase in administrative expenses compared to 2023.

Total finance costs decreased by EC$0.6M (16.7%) from EC$3.6M in 2023 to EC$3.0M in 2024 due to the decrease in the loan balances as the Company continued to repay its debt in accordance with loan agreements. The weighted average interest rate was 3.82% (2023 – 3.98%).

Key Outcomes

The Group achieved a Profit before Tax of EC$58.5M, which was higher than the previous year's result of EC$57.8M by 1.2%. The Group's Profit after Tax of EC$41.9M increased by 0.7% compared to the previous year's achievement of EC$41.6M. Earnings per share for the Group stood at EC$1.83 (2023 – EC$1.81), an increase of 1.1% compared to the prior year.

The Group achieved a Return on Equity of 9.9% (2023 – 10.3%). The Return on Contributed Capital (Rate of Return) was 12.80% compared to 13.93% in 2023. The Rate of Return achieved is within the allowable range of 10.00% to 14.25% as stipulated by the existing legislation. As a result, there will be no reduction in tariffs for 2025 for the industrial and hotel sectors.

The Return on Property, Plant and Equipment and Intangible Assets was unchanged compared to 2023 (9.8%) and Return on Total Assets was 6.9% (2023 – 6.7%). Retained Earnings for the Group increased from EC$221.3M to EC$236.7M while the Debt-to-Equity ratio was 11:89 (2023 – 15:85).

Capital Expenditure

Total expenditure for the year amounted to EC$38.9M (2023 – EC$38.7M), which was primarily due to upgrades to the transmission and distribution network, building and construction, station improvements and engine overhauls.

Working Capital Management

The Company's Days Sales Outstanding (DSO) of 43 increased by 3 days compared to 2023. Total trade receivables increased by 5.0% (EC$2.2M) from EC$43.6M at the end of 2023 to EC$45.8M at the end of 2024, primarily due to the increase in debt owed by the Commercial and Industrial sectors, despite the decreases in Government, Hotels and Domestic debt.

Capital Financing

The Company continued to operate under debt covenants stipulated in Security Sharing Agreements (SSA) with its lenders which, among other provisions, set the maximum level of debt that the Company is allowed to undertake.

Credit Rating

A credit rating exercise was conducted by Caribbean Information & Credit Rating

Services Limited (CariCRIS) in 2024, which reaffirmed the credit rating assigned to the Company at CariBBB- (Adequate).

Risk Management

The Company actively manages its risk profile through a comprehensive Risk Register which, on a continuous basis, captures all identified risks to the Company and the progress of mitigation measures. This register is reviewed by the Audit, Risk and Compliance Committee of the Board of Directors at its regular meetings during the year.

Fuel Hedging

During the year, the Company utilized Fixed Price Swaps and Options to hedge against fluctuations in the price of diesel fuel used for generating electricity. On December 31, 2024, swap contracts and options existed for the hedging of 35% of the fuel to be purchased in the first quarter of 2025 and 15% of the fuel to be purchased in the second quarter of 2025.

Shareholders' Equity

The Company's shares closed at EC$23 (2023 – EC$20) resulting in a price-earnings (P/E) ratio of 12.6 times (2023 – 11.0 times). The Company has issued share capital of 22,920,000 ordinary shares.

ENERGYZE Holdings Inc.

In 2017, St. Lucia Electricity Services Limited purchased 100% shares in ENERGYZE Holdings Inc. (EHI), a Company incorporated in January 2016. A General Manager was appointed effective February 1, 2024, in accordance with the Company's 2035 Strategic Business Plan (SBP). The subsidiary has advertised vacancies for various roles, which are expected to be filled in early 2025. EHI has initiated the essential groundwork for the diversification of the Group's revenue streams. The subsidiary's current business model includes the installation of photovoltaic systems for commercial and residential customers.

LUCELEC Cap-Ins. Inc.

LUCELEC Cap-Ins. Inc., a wholly owned subsidiary of St. Lucia Electricity Services Limited, was incorporated on December 29, 2014, as a vehicle for managing the self-insurance of the Company's transmission and distribution assets. On December 31, 2024, LUCELEC Cap-Ins Inc. had net assets of EC$54.3M (2023 – EC$50.7M). The fund's investment portfolio comprised Treasury bills, foreign equities and regional money market and income funds. The market value of these investments was slightly lower than recorded in 2023, resulting in a decrease in net income earned, compared to the prior year.

Outlook

Management anticipates an increase in sales for 2025. Total operating costs are also expected to increase as the Company continues the implementation of its Strategic Business Plan (SBP) 2035 in addition to the tasks necessary to meet its operational goals.

With the continuously evolving energy sector, the Company intends to capitalize on emerging opportunities, solidifying our position as a strong, sustainable, and profitable economic utility, with a diverse set of energy-related offerings. Our focus lies in enhancing operational efficiency, investing in sustainable renewable energy solutions, and ensuring the reliable delivery of services to our customers. We are confident that our strategic investments will shape the future of our country, delivering long-term value to our stakeholders, and energizing the nation's progress.

Strategy Management & ESG

(Environmental, Social and Governance)

292	2.53MW	5.06M	42.75M
Number of Solar PV Systems Connected to the Grid	Installed MW of Distributed Generation from Solar PV Systems	Number of Units Generated by Solar Farm in 2024 (kWh)	Number of Units Generated by Solar Farm since commissioning in 2018
2,192,856	260,472	EC$2.38M	EC$18.81M
Reduction in Diesel Used in Gallons since commissioning in 2018	Reduction in Diesel Used in Gallons for 2024 (Imp Gallons)	Fuel Cost Saved for 2024	Fuel Cost Saved since Commissioning in 2018

The Company's 2035 Strategic Business Plan (2035 SBP) is all about 'energizing the future'. The plan, built on a balanced scorecard approach, maps out three transformative vision milestones. The first sub-horizon of the plan is 2025 and focuses on four related, ambitious outcomes: increase long-term shareholder value, reduce the impact of high-cost diesel fuel, contribute to the growth of the local economy, and profitably enter adjacent or other business opportunities. At the end of 2024, performance on the first and third outcomes was above target, and performance on the second and fourth outcomes was below target.

Signing of land agreement to construct 10MW Solar Farm

The Company continues to make progress on implementing the 2035 SBP as strategy management and implementation capabilities are being strengthened and maturing. The Company ended 2024 with 13 of 24 strategic objectives (54%) At or Above Target, 2 at Caution, 5 Below Plan and 4 with insufficient measure data to score. Some of the foundational initiatives completed in 2022 and 2023 are beginning to deliver the anticipated results, especially as it relates to objectives in the Enablers quadrant of the 2035 SBP. Progress in the areas new to the organization has been slower than initially anticipated but the results are improving gradually over time as new organizational structures and roles take shape.

The focus for 2025 will be to accelerate renewable energy project development, further embedding change management and business process efficiency improvements into the organization, and aggressive implementation of the initiatives that will drive the diversification thrust working with and through its subsidiary, ENERGYZE Holdings Inc (EHI). A major refresh of the strategy will be undertaken during the first half of the year to update the Strategic Business Plan in the pursuit of our second, 2030 vision milestone.

Update on Strategic Initiatives

Of the 17 initiatives that 2024 started with, four were placed on hold or deferred to 2025, and five were completed during the year. Eight are continuing into 2025. These initiatives focused on building organizational capacity in key areas including strengthening the performance management system, process improvement for efficiency, improving infrastructure for renewable energy sources, development of a smarter grid for managing distributed energy resources, pre-paid metering, and the development and delivery of new energy services.

The updates summarized below report on the progress of selected major strategic initiatives.

Renewable Energy & Enhancing System Resilience

In 2024, LUCELEC made a significant step towards the construction of its second utility-scale solar farm on the island by reaching a land purchase agreement. This achievement comes after navigating numerous challenges, including delays in the land acquisition and regulatory processes. The project is at a pivotal stage, awaiting the completion of various studies and full approval from the relevant government agencies for the construction of the 10MW solar farm. Despite the previous setbacks faced, our commitment to transitioning to more sustainable forms of generation has never wavered. This major win not only brings us one step closer to our renewable energy goals but also demonstrates our collective resilience and unwavering commitment to positively impacting the environment. In 2025, we expect to receive the green light to proceed with the solar farm's construction, with construction scheduled to commence in 2026.

St. Lucia continues to witness growth in distributed renewable energy (RE) across the island. The number of grid-tied photovoltaic (PV) systems connected to the distribution network increased with a total installed capacity of 2.53 MW recorded at the end of 2024. The growth in RE installations underscores the growing adoption of sustainable energy solutions by our customers. This not only contributes to our renewable energy targets but also enhances the resilience and sustainability of our energy system.

In 2024, LUCELEC achieved a significant milestone by operationalizing our electric vehicle (EV) charging stations across Saint Lucia. This is a vital step towards promoting sustainable transportation and reducing the island's carbon footprint, demonstrating our commitment to innovation and to addressing the evolving needs of our customers.

LUCELEC EV Chargers Go Live

Work on developing a 20-year Plan for our power system was completed in 2024. This long-term plan provides a clear roadmap for the Company's shift towards sustainable energy sources, ensuring that LUCELEC can systematically address the challenges and opportunities that arise in the energy sector. This plan is designed to enable the Company to achieve its renewable energy targets, reduce its carbon footprint and remain at the forefront of the energy transition while contributing to the goals of Saint Lucia's National Energy Policy and regulatory requirements. Improving system resilience and reliability is a key priority for LUCELEC. In 2024, LUCELEC finalized arrangements for replacing its 66kV indoor switchgear at the Castries Substation, which has begun to show signs of failure. This project is essential for ensuring the continued reliability and resilience of electricity to the city of Castries and its environs. This project is expected to take two years to complete owing to the long lead time required for the equipment.

These achievements and ongoing projects underscore LUCELEC's unwavering dedication to advancing sustainable energy solutions, enhancing system resilience, and ensuring a reliable and efficient energy future for Saint Lucia.

Human Resources

Adoption of HR Business Partner Structure

As part of the recently completed 'Organizational Redesign Initiative,' the HR Department implemented a redesigned organizational structure, which incorporates an HR Business Partnering model. This strategic transformation was driven by evolving organizational needs, to enhance the alignment between HR functions and business objectives, strengthen strategic decision-making, and provide tailored support to individual departments. The full adoption of this model in 2025 is expected to drive greater collaboration, operational efficiencies, and overall employee satisfaction, reinforcing the role of HR as a strategic partner in the success of the Company.

Rollout of New Core Values

2024 represented a significant milestone for the Company with the relaunch of our Core Values - Integrity, Caring, Excellence, Accountability, and Teamwork. Changes include the inclusion of 'Teamwork' and the replacement of 'Ethics' with 'Integrity', while 'Caring', 'Excellence' and 'Accountability' remain unchanged. Under the leadership of our Managing Director, the rollout was strategically executed through a comprehensive communication plan, which included a company-wide town hall meeting, digital and print materials, and dedicated training sessions for all People Managers on values-based leadership. These initiatives were designed to ensure a seamless integration of our core values into our daily operations and corporate culture, reinforcing a shared commitment to excellence and organizational integrity.

Employee Engagement Scores

In 2024, the Company achieved its highest Employee Engagement (EE) Score to date of 88%, which was above the targeted score of 80%. Through targeted initiatives and strategic interventions, the Company successfully increased its employee engagement score by 10% compared to the previous year's score of 78%. This score signifies overall positive employee sentiments and indicates that most employees are satisfied with their jobs and the general work environment. Some of the focus areas for 2025 will include providing greater opportunities for staff development, improved communication at all levels and effectively resolving employee grievances.

Employee Engagement Activities - Christmas Lunch 2024.

Customer Care

In 2024, LUCELEC demonstrated its dedication to 'powering progress' by focusing on customer satisfaction and service excellence. Efforts were directed toward improving customer interactions, addressing service challenges, and preparing for future efficiency enhancements.

Customer engagement was improved through effective problem resolution and customized support for remote and online services, including *MyAccount* and the *Virtual Service Desk*. This approach facilitated a better understanding of customer needs and supported efficient service delivery.

Comprehensive training initiatives were implemented for customer service team members to ensure they could deliver prompt and personalized service. This resulted in significant improvement in the customer experience in-office and remote service options.

A customer exit survey conducted in July 2024 yielded a satisfaction score of 90%, with in-branch services rated at 96% and remote service delivery at 95%. The annual customer survey in November 2024 reported an overall performance score of 85.5% against a target of 88%, indicating consistent service quality across residential and business segments. Customers welcomed the re-opening of the customer service office at its new Sans Souci location with the CARILEC facility, in August 2024.

The customer feedback highlighted areas for improvement, including customer experience, use of technology, affordability, and service efficiency. Also included were cost-reduction measures and the promotion of renewable energy alternatives.

Looking ahead, LUCELEC plans to implement pre-paid metering to help customers manage their energy use, simplify energy budgeting, and increase financial flexibility. Digital communications to be explored include SMS and WhatsApp automated notifications, chatbots, AI-powered virtual assistants, and other innovative tools to improve customer experience. The groundwork will be laid for the introduction of a customer service mobile app to provide easy access to account information, payment services, service updates, and other support resources. This will be accompanied by the implementation of a more robust system for collecting and analyzing customer data and feedback, ensuring continuous integration of customer input in the decision-making process. The rollout of the key account management program in 2025 will facilitate proactive and ongoing customer engagement, focusing on customer needs, improved customer education and experience, and sharing new offerings with those who will benefit from them the most.

LUCELEC remains committed to continued improvements in customer experience through the adoption of innovative and customer-centric solutions.

Enterprise Risk Management

The LUCELEC culture is encapsulated in our tagline "The Power of Caring" which is central to our risk management policy. Simply put, "we care about risk." This means that we take risk management seriously and implement a formalised process. In practice, we also need all employees to demonstrate the right behaviours and attitudes as defined by the acronym ETCHED:

- Empowered
- Transparent
- Challenging
- Holistic Thinking
- Embedded
- Data-led

CSR in Action: Schools' Electrification Project Volunteers

These are recognised as guiding principles and behaviours to strive towards and actively sustain. As such, LUCELEC's risk management program is intertwined with organisational strategy, which seeks to exploit opportunities and reduce risks to the business.

Although risk management has become an integral part of our operations, the Company continues to take steps aimed at improving its Enterprise Risk Management Framework. This includes embedding regular risk review meetings at the departmental, Executive and Board levels, into our risk governance process. With a clearly articulated risk appetite statement, Management has a clear understanding of the amount of risk the Company is willing to accept to realize its objectives. These risk appetite statements guide the Company's strategic and operational decisions as it adapts to a rapidly changing environment.

To ensure continued progress on the Company's risk maturity journey, we are committed to investing in innovative ways to keep management and staff engaged to improve internal knowledge of risk management and its application to ensure a sustainable future.

Environmental Responsibility

"We strive to minimize our environmental impact through the adoption of sustainable practices, reduce carbon emissions, conserve natural resources, and promote a renewable energy ecosystem. We proactively identify and manage environmental risks and ensure compliance with applicable environmental regulations."

6	7	13	14	15
Clean Water and Sanitation	Affordable and Clean Energy	Climate Action	Life Below Water	Life on Land

As of December 31, 2024, the solar farm has generated 42.75 million units since it went live in 2018, resulting in a 2.193-million-gallon reduction in fuel purchased and a cost savings of EC$18.81 million. At the end of 2024, there were 292 distributed generation (rooftop solar PV) systems connected to the LUCELEC grid providing 2.53MW of renewable energy capacity. Given the anticipated changes owing to the soon to materialize, revised Electricity Services Supply Act, and the noted increase in Solar PV applications, this figure is expected to increase significantly in 2025.

LUCELEC has been actively participating in the consultative process with the Ministry of Infrastructure with the support of the National Utilities Regulatory Commission (NURC) to finalize the revised legislation and regulations, that will guide the transition to renewable energy in Saint Lucia in keeping with the National Energy Policy. Work also continued with the Ministry of Infrastructure for the full street lighting conversion from High-Pressure Sodium to LED lighting, with the Ministry assuming full responsibility for new installations and street lighting maintenance.

Following LUCELEC's participation in consultations, led by the Ministry of Sustainable Development, on the de-carbonization of the transport sector in 2022 and 2023, the official launch of the "Supporting the Shift to Electric Mobility in Saint Lucia (GEF 7 - EV) Project" took place in October 2024. LUCELEC continues to play a central role in this regard, serving on both the steering and technical committees.

Employee Volunteerism

In 2024, LUCELEC volunteers actively participated in several key environmental initiatives including tree planting exercises at the Centre for Adolescent Renewal & Education (CARE) Cul de Sac facility, the Saint Lucia Sports Academy in Beausejour, Gros Islet, and in Fond St. Jacques in collaboration with the Fond St. Jacques Development Committee.

The first phase of the Company's Lighting Project resulted in the installation of new lighting and electrical fixtures at five schools. The projects ranged from the installation of new LED bulbs to improve the lighting at the institutions to the upgrade and modification of electrical circuitry to facilitate the installation of an aquaponics pond. The benefiting schools were the Entrepot Secondary School, Patricia D. James Secondary School, Leon Hess Comprehensive Secondary School, Creative Kids Kindergarten Development Centre and the Dame Pearlette Louisy Primary School.

LUCELEC volunteers teamed up with several non-profit agencies and institutions including the National Community Foundation – manning the pledge lines at the 2024 Annual Telethon; and the Vieux Fort Infant school – for the refurbishment and painting of the institution's Special Education and Resource Centre which was officially opened in November 2024.

Social: Corporate Philanthropy

"We recognize the importance of fostering positive social outcomes and maintaining strong relationships with the communities we serve. We contribute to social welfare initiatives and aim to mitigate social risks by actively engaging with communities to address concerns and expectations."

In 2024, through the "Power of Caring" brand, we continued to strengthen our commitment

3
Good Health and Well-being

4
Quality Education

10
Reduced Inequality

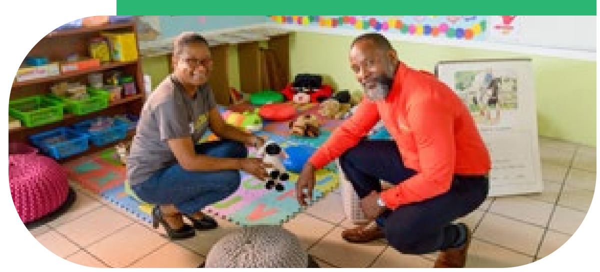
11
Sustainable Cities & Communities

to fostering social and community development and environmental sustainability through philanthropic activities that focused on education, sports, arts, culture, economic empowerment and healthcare. Improving the quality of life for the people of Saint Lucia is central to our efforts in paving the way for a more sustainable and equitable future.

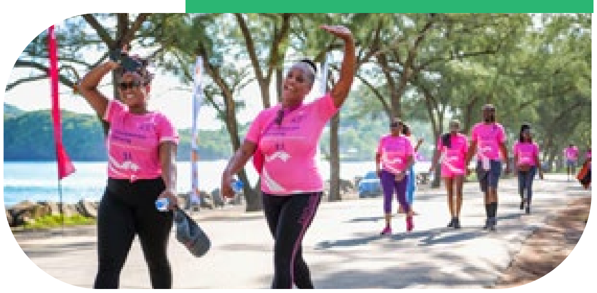
In ensuring quality education, the critical areas of science, technology, engineering, the arts, and mathematics (STEAM) were supported through our continued support of the Student Programme for Innovation in Science and Engineering (SPISE) hosted by the Caribbean Science Foundation, and the National Schools Science & Technology Fair. In the area of robotics, LUCELEC once again supported the Orbtronics Junior Programme and the participation of Team Saint Lucia in the First Global Challenge 2024 in Greece. St. Mary's College for another consecutive year, was a recipient of LUCELEC funding for the expansion of its VEX Robotics program.

The Sir John Compton Memorial Foundation received support in providing scholarships to vulnerable children. Support was also extended to Grow Well for its Remedial Reading Programme and the Vieux Fort Infant School for the establishment of a Special Education & Resource Room. The Centre for Adolescent Renewal and Education (CARE) also received major support with the installation of a permanent 3-phase electricity connection for the new Cul de Sac Facility. LUCELEC also powered schools' graduation and award ceremonies at all levels across all districts.

Official launch of Vieux Fort Infant School Special Education & Resource Room.



LUCELEC's unwavering commitment to healthcare institutions, associations, and awareness-building and advocacy programmes continued in 2024, including the Saint Lucia Cancer Society, Faces of Cancer, the Saint Lucia Diabetes & Hypertension Association, St. Lucia Sickle Cell Association, the Saint Lucia Medical and Dental Association, and the CIBC FCIB Walk for the Cure. Employee volunteers also kicked off another consecutive LUCELEC Cares for a Cure campaign with the goal of visibly and tangibly demonstrating our support, paying respects and sharing hope with those in the fight against cancer.



Team LUCELEC Walks for the Cure

In the field of Sports, support continued with football, as sponsors of the Semi-Pro Football League, the Saint Lucia Special Olympics Committee, the Saint Lucia Tennis Association, the Saint Lucia Chess Federation, the Saint Lucia Cricket Association, the Saint Lucia Netball Association, and the Saint Lucia Basketball Federation, the Saint Lucia Rugby Union, the Saint Lucia Football Association, the Saint Lucia National Netball Association, Saint Lucia Aquatics Federation, St. Lucia Amateur Bodybuilding Association, Kaizen Shotokan School, various athletics clubs including Elite Track and Field, Rockets Athletics and Cheetahs' Athletics, community sporting associations, school sports meets and swim clubs including Lighting Aquatics, Seajays and Sharks.

CSR In Action: National Schools' Tennis competition

The Company also supported Youth-at-Risk with contributions to the Our Boys Matter Programme managed by the Saint Lucia Social Development Fund, the National Community Foundation and the annual Operation School Box in collaboration with the LUCELEC Club which provides school supplies. Funds were channelled into essential social safety net and development initiatives, encompassing feeding and outreach programmes, initiatives for individuals with disabilities, women's empowerment and children's empowerment programmes.

LUCELEC Platinum Powers Saint Lucia Carnival

In Arts & Festivals, the Company was the proud Platinum sponsor of both the Saint Lucia Jazz and Arts Festival and Lucian Carnival recognizing the profound social and economic impact of the two largest national festivals on the island. The Company also powered major national and community events and festivals including the Nobel Laureate Festival, Art 'n the City, Music Fest St Lisi, Assou Square, Bay Garden's Taste the Bay Festival, Show the World, La Woz and La Magwit Flower Festivals, the Caribbean Film Festival, the Youth Kwéyòl Pan Festival and Mwa Éwitaj Kwéyòl. In the area of performing arts, we extended support to Junior Panorama, the Pantime Steel Orchestra, Babonneau Steel Orchestra, various calypso tents and theatre productions. Numerous summer arts and music programmes received sponsorship funding, providing valuable opportunities for young people from all corners of the island.

Tourism, the single largest contributor to the local economy, benefited from major support including for the Saint Lucia Tourism Awards, towards the hosting of the Gimies, and the Atlantic Rally for Cruisers (ARC).

Volunteer Tree Planting Activity: CARE Facility - Cul De Sac

In the area of environmental conservation, LUCELEC signed on as a partner sponsor for the 2024 REDLAC Congress to support capacity building and knowledge management towards biodiversity conservation and sustainable development. Waterways and LUCELEC collaborated in 2024, in observance of its 20th Anniversary, in support of its advocacy. The Caribbean Youth Environment Network (CYEN) and LUCELEC partnered once more for the hosting of the annual coastal clean-up activity. Climate change advocacy was central to the Company's partnership with Soloricon for the hosting of the YOUTH IRIE (Youth Innovators for Renewable & Inclusive Energy) which featured engagement with young people in addressing climate change and promoting sustainability. At the culmination of the programme, the participants were treated to a tour of LUCELEC's 3MW Solar Farm. In the area of environmental advocacy, LUCELEC partnered with the National Research and Development Foundation (NRDF) to produce a documentary on Saint Lucia's Biodiversity: Endangered Species and Ecosystems.

Through these various interventions, the Company contributed to several of the UN SDGs including GOAL #2: Zero Hunger; #3: Good Health and Well-being; #4: Quality Education; #6: Clean Water and Sanitation; #10: Reduced Inequality; #11: Sustainable Cities and Communities; #13: Climate Action; #14: Life Below Water, and #15: Life on Land.

Volunteer Activity: Pressure Washing the St Lucy's Home

Governance

St. Lucia Electricity Services Limited, widely esteemed and referred to as 'LUCELEC', was officially incorporated in 1964. Before its incorporation, the responsibility for supplying electricity in Saint Lucia was managed by either the Castries Town Council (CTC) or the Government of Saint Lucia (GOSL). Upon its incorporation, LUCELEC had three principal shareholders comprising CTC, the GOSL and the Commonwealth Development Corporation (CDC).

The merger of the CTC and GOSL operations was the early recognition that neither entity could solely meet the growing demand for electricity supply and their recognition that progress for Saint Lucia lay in the ability to meet this demand. CDC, therefore, with its varied experience in electricity in the region, and with the financial capacity to fund such an expansion programme, was a fitting partner.

From inception, the early Board of Directors recognized that equal importance had to be placed on good governance and technological advancement. Good governance would result in a disciplined workforce and a sound corporate reputation which in turn would lead to investor confidence required to fund expansion.

Over the years there was much investment in electricity expansion by LUCELEC and with the construction of the Cul De Sac Power Station in 1988, Saint Lucia witnessed the closure of a few less efficient power stations. In 1994, LUCELEC began to offer its shares to the public. This completely changed the ownership structure of the Company and in 2003 the Company was listed on the Eastern Caribbean Securities Exchange Limited.

Castries Power Station in the 1960's

Reduit substation

Driving these strategic decisions was a visionary, progressive Board of Directors, consistently refreshed with highly qualified individuals representing diverse disciplines, all dedicated to sustaining the success of the Company. Driven by an overarching commitment to sustainability, the Company is dedicated to reducing its carbon footprint through substantial investments in renewable energy and the adoption of innovative, energy-efficient technologies.

In 2009 the Company, in partnership with a private partner, initiated a pilot programme for rooftop solar PV installations. The project was handed over to the National Utilities Regulatory Commission (NURC) in 2016. By 2018, LUCELEC had commissioned the first utility-scale solar PV installation in Saint Lucia with a generating capacity of 3MW. The Company is set to commence work on a 10MW utility-scale solar PV plant shortly. The Company has long championed regulatory reforms in the energy sector and has been collaborating with the Government of Saint Lucia for several years, with results expected to materialize by 2025.

The history of LUCELEC is a tapestry of remarkable achievements, with many captivating chapters still to be written. With its robust governance structures and forward-thinking strategies, the Company is poised for a future that promises continued success and innovation.

LUCELEC is 60!

Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of St. Lucia Electricity Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of St. Lucia Electricity Services Limited (the Group), which comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including material accounting policy information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to audits of consolidated financial statements of public interest entities in St. Lucia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Energy Sales

Revenue from energy sales is based on meter readings which are carried out on a rotational basis throughout each month. A provision for the current month's billing, excluding the fuel surcharge, is made to record unbilled energy sales at the end of each month. The estimate is based on the actual information for the preceding month and is periodically assessed for reasonableness. We consider energy sales to be a key audit matter because, in addition to the judgement involved in determining the unbilled energy sales, revenue recognised depends on (a) the complete capture of energy consumption based on meter readings on various dates, (b) the propriety of the rates computed and applied across customer categories and (c) the reliability of the IT systems involved in processing the billing transactions.

Note 4(m) to the consolidated financial statements provides the detailed disclosures related to this matter.

Audit response

We obtained an understanding and evaluated the design of, as well as tested the controls over accumulation and processing of meter data, and interface of data from the billing system to the financial reporting system. In addition, we performed a test recalculation of the unbilled energy sales. We involved our internal Information Technology (IT) specialist in understanding the IT processes and testing the IT general and application controls over the IT systems supporting the revenue process.

Impairment of Trade and Other Receivables

On July 24, 2014 the International Accounting Standards Board issued the final version of IFRS 9 *Financial Instruments* to replace IAS 39. IFRS 9 became effective for periods beginning on or after January 1, 2018. The Group adopted the standard on January 1, 2018. The standard requires the use of forward-looking information in arriving at the expected credit loss (ECL) for financial assets.

The Group applied the practical expedient allowed under IFRS 9 in determining the provision for impairment of trade receivables. This took the form of a provision matrix based on account categories of trade receivables except for accounts relating to related parties and other receivables and incorporated forward-looking information in arriving at a loss rate. For related parties and other receivables, the ECL was determined based on probability-weighted default outcomes, past events, current conditions and forward-looking information.

We considered the impairment provision for trade and other receivables to be a key audit matter as the assessment of the correlation between historical observed default rates, the selection of the forecast economic conditions and the expected credit loss are significant estimates which require judgement. The amount of ECL is sensitive to the changes in circumstances and the forecast economic conditions and can have a significant impact on the estimate of the provision for impairment of trade receivables.

Notes 11 and 37 to the consolidated financial statements provide the detailed disclosures related to this matter.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Impairment of Trade and Other Receivables

Audit response

We gained an understanding of management's process for determining the impairment provision for financial assets. In addition, we performed the following:

a. Reviewed the IFRS 9 methodology document developed by management for providing guidance in determining the ECL.
b. Gained an understanding of the assumptions underlying the model.
c. Validated the underlying economic data applied in developing the forward-looking information.
d. Tested the completeness and accuracy of the data inputs used in the model to the underlying accounting records.
e. Checked the calculation of the resulting loss rate.

Other Information Included in the Group's 2024 Annual Report

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 Group 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located in the Appendix to this report. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Andrea St. Rose.

BDO

Chartered Accountants
Castries, St. Lucia

March 28, 2025

Appendix to the Auditor's Report

Detailed Description of Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

St. Lucia Electricity Services Limited

Consolidated Statement of Financial Position
As at December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	2024 $'000	2023 $'000
Assets			
Non-current			
Property, plant and equipment	7	417,881	413,138
Right-of-use assets	8	4,789	5,117
Intangible assets	9	10,601	9,691
Total non-current assets		433,271	427,946
Current			
Inventories	10	21,961	20,497
Trade, other receivables and prepayments	11	90,062	81,707
Other financial assets	12	52,758	60,850
Income tax recoverable		-	4,081
Cash and cash equivalents	14	8,774	22,304
Total current assets		173,555	189,439
Total assets		606,826	617,385
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	15	80,163	80,163
Retained earnings		236,709	221,347
Fair value reserve	16	(499)	(1,350)
Revaluation reserve	17	59,862	59,862
Self-insurance reserve	18	54,765	52,017
Total shareholders' equity		431,000	412,039
Liabilities			
Non-current			
Lease liabilities	19	4,124	4,422
Borrowings	20	36,700	50,487
Consumer deposits	21	23,219	22,162
Deferred tax liability	23	41,484	40,846
Post-employment medical benefit liabilities	25(b)	2,592	2,581
Total non-current liabilities		108,119	120,498
Current			
Lease liabilities	19	850	836
Borrowings	20	13,787	19,696
Trade and other payables	26	48,131	60,797
Provision for other liabilities	22	1,623	1,671
Derivative financial instruments	13	801	1,325
Dividends payable		515	523
Income tax payable		2,000	-
Total current liabilities		67,707	84,848
Total liabilities		175,826	205,346
Total shareholders' equity and liabilities		606,826	617,385

The accompanying notes form an integral part of these consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:-

Director

Director

St. Lucia Electricity Services Limited

Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	2024 $'000	2023 $'000
Revenue			
Energy sales	34	378,074	382,493
Other revenue		4,550	4,479
		382,624	386,972
Operating expenses			
Fuel costs	35	209,729	221,411
Transmission and distribution		42,250	40,122
Generation		29,199	30,340
	35	281,178	291,873
Gross income		101,446	95,099
Administrative expenses	35	(42,099)	(37,294)
Operating profit		59,347	57,805
Investment income		1,459	1,611
Fair value gain on FVTPL financial assets	12	854	1,741
Gain on disposal of FVTPL financial assets	12	28	218
Other losses, net	27	(131)	(18)
Profit before finance costs and taxation		61,557	61,357
Finance costs	28	(3,017)	(3,581)
Profit before taxation		58,540	57,776
Taxation	29	(16,627)	(16,179)
Net profit for the year		41,913	41,597
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss:			
Fair value loss on FVTOCI financial assets	12	(3)	(14)
Items that will not be reclassified to profit or loss:			
Re-measurement (losses)/gains of defined benefit pension plans, net of tax	29	(487)	29
Total other comprehensive (loss)/income		(490)	15
Total comprehensive income for the year		41,423	41,612
Basic and diluted earnings per share ($)	30	1.83	1.81

The accompanying notes form an integral part of these consolidated financial statements.

St. Lucia Electricity Services Limited

Consolidated Statement of Changes in Equity
For the Year Ended December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	Share Capital $'000	Retained Earnings $'000	Fair Value Reserve $'000	Revaluation Reserve $'000	Self-insurance Reserve $'000	Total $'000
Balance at January 1, 2023		80,163	209,765	(3,077)	59,862	49,614	396,327
Total comprehensive income for the year		-	41,626	(14)	-	-	41,612
Transfer to fair value reserve	16	-	(1,741)	1,741	-	-	-
Transfer to self-insurance reserve	18	-	(2,403)	-	-	2,403	-
Ordinary dividends	32	-	(25,900)	-	-	-	(25,900)
Balance at December 31, 2023		80,163	221,347	(1,350)	59,862	52,017	412,039
Balance at January 1, 2024		80,163	221,347	(1,350)	59,862	52,017	412,039
Total comprehensive income for the year		-	41,426	(3)	-	-	41,423
Transfer to fair value reserve	16	-	(854)	854	-	-	-
Transfer to self-insurance reserve	18	-	(2,748)	-	-	2,748	-
Ordinary dividends	32	-	(22,462)	-	-	-	(22,462)
Balance at December 31, 2024		80,163	236,709	(499)	59,862	54,765	431,000

The accompanying notes form an integral part of these consolidated financial statements.

St. Lucia Electricity Services Limited

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Profit before taxation		58,540	57,776
Adjustments for:			
Depreciation on property, plant and equipment	7	25,851	25,379
Depreciation on right-of-use assets	8	916	862
Amortisation of intangible assets	9	868	1,008
Investment income		(1,459)	(1,611)
Finance costs	28	3,017	3,581
Impairment gains on trade and other receivables	11	(252)	(790)
Net pension and medical benefit costs	24(h) & 25(d)	845	715
Fair value gain on FVTPL financial assets	12	(854)	(1,741)
Gain on disposal of FVTPL financial assets	12	(28)	(218)
Loss on disposal of property, plant and equipment	27	133	-
Net (gain)/loss on disposal of right-of-use asset and derecognition of lease liability		(8)	3
Operating profit before working capital changes		87,569	84,964
Increase in inventories		(1,464)	(4,822)
(Increase)/decrease in trade, other receivables and prepayments		(8,629)	3,159
(Decrease)/increase in trade and other payables		(12,667)	912
Decrease in provision for other liabilities		(48)	-
Cash generated from operations		64,761	84,213
Interest and dividends received		484	648
Benefits paid on post-employment medical plan	25(f)	(66)	(69)
Pension funding contributions	24(j)	(1,463)	(541)
Finance costs paid		(2,814)	(3,422)
Income tax paid		(9,700)	(18,935)
Net cash from operating activities		51,202	61,894
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(37,126)	(38,365)
Proceeds from disposal of property, plant and equipment		6,399	-
Acquisition of intangible assets	9	(1,778)	(374)
Acquisition of other financial assets	12	(52,523)	(59,244)
Proceeds from disposal of other financial assets	12	62,470	51,046
Net cash used in investing activities		(22,558)	(46,937)
Cash flows from financing activities			
Repayment of lease liabilities	8	(864)	(801)
Proceeds from borrowings		-	15,000
Repayment of borrowings		(19,643)	(19,495)
Dividends paid		(22,470)	(25,863)
Net collection of consumer deposits		803	698
Net cash used in financing activities		(42,174)	(30,461)
Net decrease in cash and cash equivalents		(13,530)	(15,504)
Cash and cash equivalents at beginning of year		22,304	37,808
Cash and cash equivalents at end of year	14	8,774	22,304

The accompanying notes form an integral part of these consolidated financial statements.

St. Lucia Electricity Services Limited

Index to Notes to the Consolidated Financial Statements

St. Lucia Electricity Services Limited

Index to Notes to the Consolidated Financial Statements (Cont'd)

St. Lucia Electricity Services Limited

Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars)

1. Incorporation and Principal Activity

St. Lucia Electricity Services Limited (the "Company") was incorporated under the laws of Saint Lucia on November 9, 1964 and re-registered as a public company on August 11, 1994. The Company was continued under the Companies Act 1996 of Saint Lucia on October 22, 1997 and is listed on the Eastern Caribbean Securities Exchange. The Company operates under the Electricity Supply Act, 1994 (as amended) (ESA), and its operations are regulated by the National Utilities Regulatory Commission. The Company has an exclusive license, save for the generation of electricity from renewable resources of energy, for the exercise and performance of functions relating to the generation, transmission, distribution and sale of electricity in Saint Lucia. The other principal activities of the Company and its subsidiaries (the "Group") include the operation of a self-insurance fund and sale and installation of photovoltaic systems.

The ESA defines the rates of electricity and the mechanism for rate adjustments. The rates of electricity consist of a Base Rate and a Fuel Rate. The Fuel Rate is calculated in a manner which reflects fluctuations in actual fuel costs including charges associated with derivative financial instruments employed by the Company.

The Group's registered office and principal place of business is situated at LUCELEC Building, Sans Souci, John Compton Highway, Castries, Saint Lucia.

2. Date of Authorisation of Issue

These consolidated financial statements were authorised for issue by the Board of Directors on March 14, 2025.

3. Basis of Preparation

(a) *Statement of compliance*
The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

(b) *Basis of measurement*
The consolidated financial statements have been prepared using the historical cost basis except for land, derivative financial instruments and other financial assets which are measured at fair value. The methods used to measure fair values are discussed further in Note 5.

(c) *Basis of consolidation*
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company as disclosed in Note 40. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position and consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

3. Basis of Preparation (Cont'd)

(c) Basis of consolidation (Cont'd)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

(d) Functional and presentation currency

These consolidated financial statements are presented in Eastern Caribbean dollars, which is the Group's functional currency. All financial information is rounded to the nearest thousand dollars, except for basic and diluted earnings per share.

(e) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 4(b)(iii): Estimated useful lives of property, plant and equipment
- Note 4(c): Estimation of the lease term and assessment of whether a right-of-use asset is impaired
- Note 4(d)(iii): Estimated useful lives of intangible assets
- Note 4(e): Measurement of defined benefit obligations
- Note 4(g): Estimation of impairment
- Note 4(h) Estimation of net realisable value of inventories
- Note 4(m): Estimation of unbilled sales and fuel surcharge
- Note 5: Determination of fair values
- Note 37: Valuation of financial instruments

4. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except where stated otherwise.

(a) Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as consolidated items (major components) of property, plant and equipment.

The gain or loss on the disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item and is recognised within "other (losses)/gains, net" in the consolidated statement of comprehensive income.

(ii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of comprehensive income as incurred.

(Expressed in thousands of Eastern Caribbean Dollars)

4. Material Accounting Policy Information (Cont'd)

(b) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Land is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are available for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The annual rates of depreciation are as follows:

	2024	2023
Buildings	$2^1/_2$% - 12 $^1/_2$ per annum	$2^1/_2$ % - $12^1/_2$ per annum
Plant and machinery		
- Generator overhauls	$33^1/_3$% per annum	$33^1/_3$% per annum
- Other	4% - 10% per annum	4% - 10% per annum
Motor vehicles	20% - $33^1/_3$% per annum	20% - $33^1/_3$% per annum
Furniture and fittings		
- Computer hardware	20% per annum	20% per annum
- Other	10% per annum	10% per annum

(iv) Revaluation reserve

Revaluation related to land is credited to revaluation reserve account in the equity section of the consolidated statement of financial position (Note 17).

(c) Leases

The Group as a lessee

The Group considers whether a contract is, or contains, a lease, at inception of the contract. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position.

Right-of-use assets

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

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4. Material Accounting Policy Information (Cont'd)

(c) Leases (Cont'd)

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Group's incremental borrowing rate.

Subsequent to initial measurement, the carrying amount of the lease liability is increased to reflect the interest on the lease (calculated using the effective interest method) and is reduced to reflect the lease payments made.

The Group re-measures the lease liability to reflect any modification or reassessment of the lease contract, such as a change in the lease term or change in the assessment of whether a renewal option will be exercised, in which case the lease liability is re-measured by discounting the revised lease payments by a revised discount rate. When the lease liability is re-measured, the corresponding adjustment is reflected in the related right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases (defined as leases with a lease term of 12 months or less) using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

As a lessor, the Group classifies all its leases as operating as the leases do not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.

The Group earns income from rental of poles. Rental from these operating leases is recognised on a straight-line basis over the term of the lease.

(d) Intangible assets

(i) *Recognition and measurement*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

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4. Material Accounting Policy Information (Cont'd)

(d) Intangible assets (Cont'd)

(iii) Amortisation

Amortisation is calculated over the cost of the asset less its residual value. Amortisation is recognised in consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets, other than way leave rights and work-in-progress, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the assets that are amortised, that is, information systems, range from five (5) years to eight (8) years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Employee benefits

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government securities that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by an actuary using the Projected Unit Credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated statement of comprehensive income.

The Group recognises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in other comprehensive income in the period in which they occur.

(ii) Pension benefits assumptions

The present value of the pension obligations depends on a number of factors that are determined by independent actuaries using a number of assumptions. The assumptions used in determining the net cost (income) for pension include the expected long-term rate of return on the relevant plans assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the pension obligations and also to determine the expected return on plan assets. In determining the appropriate discount rate, the Group considers the interest rates of the Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

4. Material Accounting Policy Information (Cont'd)

(e) Employee benefits (Cont'd)

(ii) Pension benefits assumptions (Cont'd)

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 24.

(iii) Defined contribution plan

For its defined contribution plan, the Group pays contributions to a privately administered pension insurance plan on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

If benefits are payable more than twelve (12) months after the reporting period, then they are discounted to that present value.

(f) Financial instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise financial assets at amortised cost, financial assets at fair value through other comprehensive income ("FVTOCI"), financial assets at fair value through profit or loss ("FVTPL"), trade and other receivables, cash and cash equivalents, borrowings, trade and other payables and consumer deposits.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial assets at amortised cost

The Group's investments in certain local treasury bills and fixed deposits are classified as financial assets measured at amortised cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

4. Material Accounting Policy Information (Cont'd)

(f) Financial instruments (Cont'd)

(i) Non-derivative financial instruments (Cont'd)

FVTOCI financial assets

The Group's investments in certain local and regional and all foreign treasury bills are classified as financial assets at FVTOCI. Subsequent to initial recognition, they are measured at fair value. Changes in the carrying amount of these financial assets relating to interest income calculated using the effective interest method, impairment losses and foreign exchange gains and losses are recognised in profit or loss. Other changes are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

FVTPL financial assets

The Group's investments in mutual and income funds and equity instruments are classified as financial assets at FVTPL. Subsequent to initial recognition, they are measured at fair value. Changes in the carrying amount of these mutual and income funds relating to interest income calculated using the effective interest rate, dividends earned from equity instruments, impairment losses, fair value and foreign exchange gains and losses are recognised in profit or loss.

Trade and other receivables

Trade and other receivables are carried initially at fair value and subsequently measured at amortised cost less any impairment. A provision for impairment of trade and other receivables is established based on lifetime expected credit losses. The amount of the provision is recognised in profit or loss.

Trade and other receivables, being short-term, are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and short-term investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Accounting for interest income and costs is discussed in Note 4(o).

Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

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4. Material Accounting Policy Information (Cont'd)

(f) Financial instruments (Cont'd)

(i) Non-derivative financial instruments (Cont'd)

Borrowings (Cont'd)

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the costs of those assets until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the cost of those assets. All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

Trade and other payables

Liabilities for trade and other payables which are normally settled on 30 to 90-day terms and conditions are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Group.

Consumer deposits

Given the long-term nature of the consumer relationship in accordance with the provisions of the Electricity Supply Act, 1994 (as amended), consumer deposits are shown in the consolidated statement of financial position as non-current liabilities (that is, not likely to be repaid within twelve months of the reporting date).

Dividends payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors. Dividends for the year that are approved after the reporting date are dealt with as an event after the end of the reporting date.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(g) Impairment

(i) Financial assets

In relation to the impairment of financial assets, IFRS Accounting Standards requires the use of a forward-looking expected credit loss ("ECL") approach.

The ECL allowance is based on the credit losses expected to arise over the life of the asset unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

4. Material Accounting Policy Information (Cont'd)

(g) Impairment (Cont'd)

(i) Financial assets (Cont'd)

The Group's financial assets mainly comprise of trade and other receivables and financial assets at amortised cost, FVTOCI and FVTPL. As permitted by IFRS 9, the Group has voluntarily elected to select an accounting policy which recognises full lifetime expected credit losses for trade receivables. Given that the financial assets at amortised cost and at FVTOCI mature within 12 months or less, the selection of either option would have the same effect.

A practical expedient method, in the form of a provision matrix, was applied for trade receivables based on customer categories, historical credit loss experiences and future economic expectations. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 37.

For all other receivables that possess varying default occurrences, the ECL was determined based on probability-weighted default outcomes, past events, current conditions and forward-looking information.

For financial assets at amortised cost and FVTOCI, an ECL general approach was used based on:

(a) an unbiased and probability-weighted amount that is determined by evaluating range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The key elements of the ECL calculations are outlined below:

(a) Probability of Default: This measures the instances of customer defaults over a period, divided by the number of accounts at the beginning of a period.
(b) Loss Given Default: This represents amounts never collected or amounts written off once a customer defaults.
(c) Exposure at Default: This represents the outstanding amounts collectible at default.

Forward-looking information:

In its ECL models, the Group relied on the following economic inputs: GDP growth, unemployment and inflation rates (2023 - GDP growth and unemployment rates).

Based on the assessment performed above for financial assets at amortised cost and FVTOCI, no previous or current instances of losses were identified and a low probability of significant losses occurring in the future arose. As such, no expected credit losses were recorded.

4. Material Accounting Policy Information (Cont'd)

(g) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Given that the investment funds and equity instruments are classified as FVTPL financial assets, no separate impairment assessment is necessary as all changes in fair value are immediately recognised through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Allowance is made for slow-moving and damaged goods. Goods in transit are stated at their invoice cost.

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4. Material Accounting Policy Information (Cont'd)

(i) Prepayments

Prepayments represent expenses not yet incurred but are already paid. Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the consolidated statement of comprehensive income as they are consumed in the operations or expire with passage of time.

Prepayments are classified in the consolidated statement of financial pposition as current asset when it is expected to be collected within one year. Otherwise, prepayments are classified as non-current.

(j) Provision for other liabilities

Provision for other liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, accounting for the risks and uncertainties surrounding the obligation.

(k) Derivative financial instruments

The Group holds derivative instruments to manage the volatility of its fuel costs. Further details of derivative financial instruments are disclosed in Note 13.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period.

(l) Deferred fuel costs

Management has developed an accounting policy to reflect the economic substance of the effects of engaging in the hedging programme as these costs are passed on to the customer. In developing this policy, management has considered the accounting standards of other standard-setting bodies and accepted industry practice.

Changes in the fair value of the derivative financial instruments held by the Group at the reporting date give rise to the recognition of deferred fuel costs. Deferred fuel costs recoverable represent future revenues and/or receivables associated with the hedging costs incurred that will be, or are expected to be, recovered from customers in future periods through the rate-setting process. Deferred fuel costs payable represents future reductions in revenue associated with amounts that will be or are expected to be refunded to customers through the rate-setting process. The resulting gain or loss is reported in trade and other payables or trade, other receivables and prepayments respectively.

(m) Revenue recognition

Sale of energy

Revenue from energy sales is based on meter readings, which are carried out on a rotational basis throughout each month. A provision for the current month's billings is made to record unbilled energy sales at the end of each month. This estimate is based upon actual information for the preceding months and is reviewed periodically to assess reasonableness and adjusted where required. The provision for unbilled sales is included in accrued income.

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4. Material Accounting Policy Information (Cont'd)

(m) Revenue recognition (Cont'd)

Sale of energy (Cont'd)

In addition to the normal tariff rates charged for energy sales, a fuel surcharge cost adjustment is calculated based on the difference between the cost of fuel used to generate energy sales in the current month and the average fuel price for the 12 months preceding January of the current year. Where the cost of fuel used is more than the preceding 12 months' average fuel price, then the difference is considered to be a fuel surcharge. Where the cost of fuel used is less than the preceding 12 months' average fuel price, then the difference is considered to be a reduction to the base tariff. The provision for unbilled fuel surcharge revenue/rebate is included in accrued income.

Consumer contributions

In certain specified circumstances, consumers requiring line extensions for electricity supply are required to contribute the capital cost of the extensions. These contributions are recognised in income in the same period in which the costs are incurred. Contributions in excess of the applicable capital cost of line extensions, where the excess is greater than 5% of the estimated cost of the job, arising mainly as a result of changes to job specifications during the implementation stage, are refundable to the customers upon finalisation of the total cost of the job. The capital costs of consumer line extensions are included in property, plant and equipment.

Sale and installation of photovoltaic systems

The Group engages in the sale and installation of photovoltaic systems. Deferred revenue is measured at the amount received from the customer and classified in trade and other accounts payable. It is subsequently recognised as revenue when the performance obligations of the contract are satisfied.

(n) Expenses

Expenses are recognised in the consolidated statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured. Expenses are recognised: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Expenses in the consolidated statement of comprehensive income are presented using the nature of expense method. These are costs incurred that are associated with the energy revenue and costs attributable to administrative and other business activities of the Group.

(o) Investment income and finance costs

Investment income comprises interest and dividends on funds invested and gains on the disposal of other financial assets that are recognised in profit or loss. Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment is established.

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4. Material Accounting Policy Information (Cont'd)

(o) Investment income and finance costs (cont'd)

Finance costs comprise interest expense on lease liabilities, borrowings, consumer deposits and pole rental deposits, losses on disposal of other financial assets and impairment losses recognised on certain financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis in "other losses, net" in profit or loss.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

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

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per share

The Group presents basic and diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the inputs to the basic EPS computation for the effects of all dilutive potential ordinary shares, if any.

4. Material Accounting Policy Information (Cont'd)

(r) New standards, amendments to standards and interpretations

(i) Amendments to standards effective in the 2024 financial year are as follows:

A number of amendments to standards effective for annual periods beginning on or after January 1, 2024 have been adopted in these consolidated financial statements. Note: those amendments effective for annual periods beginning on or after January 1, 2024 which do not affect the Group's consolidated financial statements have not been disclosed below.

- IAS 1, '*Presentation of Financial Statements*' was amended to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Additional amendments clarify how covenants affect the classification of a liability and require additional disclosures.

  The application of this amendment did not have a material impact on amounts reported in the Group's consolidated financial statements.

- IAS 7, '*Statement of Cash Flows*' and IFRS 7, '*Financial Instruments: Disclosures*' were amended to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

  These amendments are applicable for annual periods beginning on or after January 1, 2024. It is not anticipated that the application of this amendment will have a material impact on disclosures in the Group's consolidated financial statements.

- IFRS 16, '*Leases*' was amended to allow a seller-lessee to recognise in profit or loss any gain or loss relating to the partial or full termination of a lease.

  The application of this amendment did not have a material impact on the amounts reported in the Group's consolidated financial statements.

(ii) Amendments to standards that are issued but not effective and have not been early adopted are as follows:

- IAS 21, '*The Effects of Changes in Foreign Exchange Rates*' was amended to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

  This amendment is applicable for annual periods beginning on or after January 1, 2025. It is not anticipated that the application of this amendment will have a material impact on the amounts reported and the disclosures in the Group's consolidated financial statements.

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4. Material Accounting Policy Information (Cont'd)

(r) New standards, amendments to standards and interpretations (Cont'd)

(iii) Amendments to standards that are issued but not effective and have not been early adopted are as follows (Cont'd):

- IFRS 9, '*Financial Instruments'* and IFRS 7, '*Financial Instruments: Disclosures*', were amended to clarify:
    - the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exemption for derecognition of financial liabilities settled via electronic transfer,
    - the requirements for assessing contractual cash flow characteristics of financial assets, and
    - characteristics of non-recourse loans and contractually linked instruments.

  The amendments also introduce certain disclosure requirements for financial instruments.

  This amendment is applicable for annual periods beginning on or after January 1, 2026. It is not anticipated that the application of this amendment will have a material impact on the amounts reported and the disclosures in the Group's consolidated financial statements.

- IFRS 18, '*Presentation and Disclosures in Financial Statements'* supersedes IAS 1, '*Presentation of Financial Statements*' with many of the existing requirements of IAS 1 remaining unchanged. This new standard also introduces new requirements to:
    - present specified categories and defined subtotals in the statement of profit or loss,
    - provide disclosures on management-defined performance measures in the notes to the financial statements, and
    - improve aggregation and disaggregation.

  This new standard is applicable for annual periods beginning on or after January 1, 2027. It is anticipated that the application of this new standard in the future may have a material impact on the disclosures in the Group's consolidated financial statements. However, it is not practicable to determine the full impact until a detailed review is undertaken.

- IFRS S1, '*General Requirements for Disclosure of Sustainability-related Financial Information*' is a new standard which sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

  This new standard is applicable for annual periods beginning on or after January 1, 2024. However, the implementation date is not mandatory, and jurisdictions are free to agree on an implementation date. No implementation date has been issued for this jurisdiction. It is anticipated that the application of this new standard in the future will have a material impact on the disclosures in the Group's consolidated financial statements. However, it is not practicable to determine the full impact until a detailed review is undertaken.

4. Material Accounting Policy Information (Cont'd)

(r) New standards, amendments to standards and interpretations (Cont'd)

(ii) Amendments to standards that are issued but not effective and have not been early adopted are as follows (Cont'd):

- IFRS S2, *'Climate-related Disclosures'* is a new standard which sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

  This new standard is applicable for annual periods beginning on or after January 1, 2024. However, the implementation date is not mandatory, and jurisdictions are free to agree on an implementation date. No implementation date has been issued for this jurisdiction. It is anticipated that the application of this new standard in the future will have a material impact on the disclosures in the Group's consolidated financial statements. However, it is not practicable to determine the full impact until a detailed review is undertaken.

5. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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, regardless of whether that price is directly observable or estimated using another valuation technique. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying values of trade and other receivables, financial assets at amortised cost, cash and cash equivalents and trade and other payables are assumed to approximate their fair values at the reporting date due to their short-term nature.

(Expressed in thousands of Eastern Caribbean Dollars)

5. Determination of Fair Values (Cont'd)

The following table presents the level, valuation techniques and key inputs of the Group's assets and liabilities that are measured or disclosed at fair value at the reporting date:

	As at December 31, 2024 $'000	As at December 31, 2023 $'000	Level	Valuation techniques and key inputs
Non-Financial Assets Measured at Fair Value				
Land (Note 7)	73,417	73,417	2	Market comparable approach. Key inputs-Price per square foot
Financial Instruments Measured at Fair Value				
Financial Assets				
FVTOCI financial assets (Note 12)	4,928	-	3	Manually priced using unobservable inputs and at par
FVTOCI financial assets (Note 12)	14,999	15,406	1	Quoted prices in an active market
FVTPL financial assets (Note 12)	21,842	23,295	3	Discounted cash flows using unobservable inputs
FVTPL financial assets (Note 12)	10,989	10,059	1	Quoted prices in an active market
Financial Liabilities				
Derivative financial liability (Note 13)	801	1,325	2	Discounted cash flow. Future cash flows are estimated based on futures prices and discount rates (swap prices and LIBOR) rates
Financial Instruments Disclosed at Fair Value				
Financial Liabilities				
Borrowings (Note 37)	41,567	60,341	2	Present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date

There were no transfers between levels 1, 2 or 3 during the year.

6. Financial Risk Management

Overview

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

- Credit risk
- Liquidity risk
- Market risk (including currency risk and interest rate risk)
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee, which oversees how management monitors compliance with the Group's risk management policies and procedures, and which also reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit Department, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

6. Financial Risk Management (Cont'd)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, other financial assets and cash and cash equivalents.

Trade and other receivables

The Group's exposure to credit risk is influenced significantly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry in which customers operate also have an influence on credit risk.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and service terms and conditions are offered.

These payment terms are stipulated under the provisions of the Electricity Supply Act, 1994 (as amended) and include providing discretion to the Group to require a deposit not exceeding an estimated two month's supply of electricity from any consumer as security for sums due from time to time, and which is refundable with interest upon permanent termination of services. Customers that fail to meet the Group's benchmark creditworthiness may have their electricity supply withdrawn or terminated in accordance with the provisions of the Act. In order to provide some reprieve to its customers during the COVID-19 pandemic, the Group temporarily ceased electricity supply withdrawals in instances where they failed to meet this creditworthiness benchmark. Management reinstated withdrawals during the current financial year.

The Group establishes an allowance for impairment that represents the expected credit losses over the lifetime of trade and other receivables. The collective loss allowance is determined using a practical expedient method in the form of a provision matrix, based on customer categories, historical credit loss experiences and future economic expectations. For all other receivables, the ECL was determined based on probability-weighted default outcomes, past events, current conditions and forward-looking information.

Other financial assets

The Group limits its exposure to credit risk by investing in liquid securities. Credit risk is minimised by placing investments with reputable financial institutions.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and short-term investments with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Credit risk is minimised by placing cash and cash equivalents with reputable financial institutions and regional Governments with a minimum credit rating equivalent of "Adequate"/ "Investment Grade" given by CariCRIS, the regional credit rating agency, or an internationally recognised credit rating agency.

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6. Financial Risk Management (Cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- An overdraft facility of EC$10,000 which is secured. Interest is payable at the rate of 5.00% (2023 – 5.00%) per annum.

Liquidity risk of derivative financial instruments is minimised as the Group is required to post collateral when the mark-to-market exposures have surpassed the credit limits agreed with the relevant counterparties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on purchases denominated in currencies other than its functional currency. The Group's exposure to currency risk is minimal since most of its obligations are denominated in United States Dollars and the United States dollar has been formally pegged to the Eastern Caribbean Dollar at EC$2.70 = US$1.00 since 1976.

Interest rate risk

There is no significant interest rate risk arising on the Group's cash and cash equivalents as at December 31, 2024 and 2023. The Group is not exposed to interest rate risk on its interest-bearing financial assets and liabilities. The Group's interest-bearing financial assets are its investments in treasury bills and commercial paper which have fixed rates of interest as disclosed in Note 12. The Group's interest-bearing financial liabilities are its lease liabilities, borrowings and consumer deposits which have fixed rates of interest as disclosed in Notes 19, 20 and 21, respectively.

Equity price risk

The Group is exposed to equity price risk as at December 31, 2024 and 2023 on its investments in equity instruments.

6. Financial Risk Management (Cont'd)

Market risk (Cont'd)

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices. Prices for these commodities are impacted by world economic events that dictate the levels of supply and demand. The Group is not exposed to commodity price risk on its derivative financial instruments as, although these instruments are affected by changes in the price of fuel, the changes in the value of these instruments are recoverable from customers as disclosed in Note 4(k).

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors and the senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

6. Financial Risk Management (Cont'd)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit for the year divided by average shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Under the terms of the mortgage debenture agreement, the Group's total debt shall not exceed two times its tangible net worth which currently comprises its share capital and retained earnings. The Group complied with this requirement as at December 31, 2024 and 2023.

There were no changes in the Group's approach to capital management in 2024 and 2023.

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7. Property, Plant and Equipment

	Land $'000	Buildings $'000	Plant and Machinery $'000	Motor Vehicles $'000	Furniture and Fittings $'000	Work In Progress $'000	Total $'000
Cost							
Balance at January 1, 2023	73,417	91,085	907,354	4,501	24,637	37,083	1,138,077
Additions	-	193	337	-	4	37,815	38,349
Transfers	-	2,449	14,006	724	1,784	(18,963)	-
Reclassification from intangible assets (Note 9)	-	-	-	-	16	-	16
Disposals	-	-	(72,432)	-	(9)	-	(72,441)
Balance at December 31, 2023	73,417	93,727	849,265	5,225	26,432	55,935	1,104,001
Balance at January 1, 2024	73,417	93,727	849,265	5,225	26,432	55,935	1,104,001
Additions	-	-	105	181	4	36,836	37,126
Transfers	-	262	14,868	650	719	(16,499)	-
Disposals	-	-	(10,816)	(288)	(26)	-	(11,130)
Balance at December 31, 2024	73,417	93,989	853,422	5,768	27,129	76,272	1,129,997
Accumulated Depreciation							
Balance at January 1, 2023	-	55,930	656,798	4,341	20,856	-	737,925
Depreciation charge (Note 35)	-	2,240	21,831	201	1,107	-	25,379
Eliminated on disposals	-	-	(72,432)	-	(9)	-	(72,441)
Balance at December 31, 2023	-	58,170	606,197	4,542	21,954	-	690,863
Balance at January 1, 2024	-	58,170	606,197	4,542	21,954	-	690,863
Depreciation charge (Note 35)	-	2,384	22,196	334	937	-	25,851
Eliminated on disposals	-	-	(4,284)	(288)	(26)	-	(4,598)
Balance at December 31, 2024	-	60,554	624,109	4,588	22,865	-	712,116
Carrying Amounts							
January 1, 2023	73,417	35,155	250,556	160	3,781	37,083	400,152
December 31, 2023	73,417	35,557	243,068	683	4,478	55,935	413,138
December 31, 2024	73,417	33,435	229,313	1,180	4,264	76,272	417,881

(Expressed in thousands of Eastern Caribbean Dollars)

7. Property, Plant and Equipment (Cont'd)

Fair value measurement of the Group's land

The Group's lands are stated at their revalued amounts, being the fair value at the date of revaluation at various dates between February 1, 2021 and April 8, 2021. The fair value measurements were performed by an independent valuation practitioner /quantity surveyor. The fair values of the land were determined based on the market comparable approach that reflects recent transactions prices for similar properties.

The carrying amounts of the Group's land would have been $13,555 (2023 - $13,555) had they been measured at the historical cost basis.

Assets pledged as security

As stated in Note 20, borrowings are secured by hypothecary obligations and mortgage debentures creating fixed charges over all immovable properties and floating charges over all other assets, all ranking *pari passu* pursuant to a security sharing agreement, and assignment of insurance policies.

8. Right-of-use Assets

	Land $'000	Buildings $'000	Motor Vehicles $'000	Total $'000
Cost				
Balance at January 1, 2023	385	1,232	2,431	4,048
Additions	-	3,753	314	4,067
Disposals	(385)	-	(941)	(1,326)
Balance at December 31, 2023	-	4,985	1,804	6,789
Balance at January 1, 2024	-	4,985	1,804	6,789
Additions	-	15	617	632
Disposals	-	-	(252)	(252)
Balance at December 31, 2024	-	5,000	2,169	7,169
Accumulated Depreciation				
Balance at January 1, 2023	80	396	1,359	1,835
Depreciation charge for the year (Note 35)	96	368	398	862
Eliminated on disposals	(176)	-	(849)	(1,025)
Balance at December 31, 2023	-	764	908	1,672
Balance at January 1, 2024	-	764	908	1,672
Depreciation charge for the year (Note 35)	-	536	380	916
Eliminated on disposals	-	-	(208)	(208)
Balance at December 31, 2024	-	1300	1,080	2,380
Carrying Amounts				
January 1, 2023	305	836	1,072	2,213
December 31, 2023	-	4,221	896	5,117
December 31, 2024	-	3,700	1,089	4,789

The Group has leases for office premises, land and Company vehicles for management staff. With the exception of short-term leases on certain office premises and land, each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability (see Note 19).

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8. Right-of-use Assets (Cont'd)

The table below describes the nature of the Group's leasing activities by type of a right-of-use asset:

	No. of leases	Range of remaining term	Average remaining lease terms	No. of leases with renewal options
Buildings	3	1-8 years	5 years	2
Motor vehicles	14	1-5 years	3 years	-

The Group has elected not to recognise a right-of-use asset and lease liability for short-term leases (leases with a lease term of 12 months or less). Payments made under such leases are expensed over a straight-line basis. The expense relating to lease payments for 2024 was $40 (2023 - $40) and is included in administrative expenses of $42,099 (2023 - $37,294) as disclosed in the consolidated statement of comprehensive income. Total cash outflow for leases for 2024 was $864 (2023 - $801) as disclosed in the consolidated statement of cash flows.

9. Intangible Assets

	Information Systems $'000	Way Leave Rights $'000	Work In Progress $'000	Total S'000
Cost				
Balance at January 1, 2023	26,907	7,101	387	34,395
Additions	14	23	353	390
Transfers	245	-	(245)	-
Reclassification to tangible assets (Note 7)	-	-	(16)	(16)
Balance at December 31, 2023	27,166	7,124	479	34,769
Balance at January 1, 2024	27,166	7,124	479	34,769
Additions	8	550	1,220	1,778
Transfers	297	-	(297)	-
Balance at December 31, 2024	27,471	7,674	1,402	36,547
Accumulated Amortisation				
Balance at January 1, 2023	24,070	-	-	24,070
Amortised for the year (Note 35)	1,008	-	-	1,008
Balance at December 31, 2023	25,078	-	-	25,078
Balance at January 1, 2024	25,078	-	-	25,078
Amortised for the year (Note 35)	868	-	-	868
Balance at December 31, 2024	25,946	-	-	25,946
Carrying Amounts				
January 1, 2023	2,837	7,101	387	10,325
December 31, 2023	2,088	7,124	479	9,691
December 31, 2024	1,525	7,674	1,402	10,601

Way leave rights, which have an indefinite life period, allow the Group access to properties owned by third parties for the purpose of installing and maintaining the Group's transmission and distribution network.

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10. Inventories

	2024 $'000	2023 $'000
Fuel inventories	3,399	4,129
Generation spare parts	7,804	7,663
Transmission, distribution and other spares	11,229	10,058
Photovoltaic systems	12	-
Goods-in-transit	2,842	1,901
	25,286	23,751
Provision for inventory obsolescence	(3,325)	(3,254)
	21,961	20,497

The movement in the provision for inventory obsolescence was as follows:

	2024 $'000	2023 $'000
Balance – beginning of year	3,254	3,254
Additions	71	-
Balance – end of year	3,325	3,254

11. Trade, Other Receivables and Prepayments

	2024 $'000	2023 $'000
Trade receivables, gross (Note 37)	53,184	48,195
Less: provision for impairment of trade receivables (Note 37)	(13,839)	(14,100)
Trade receivables, net (Note 37)	39,345	34,095
Other receivables, gross	23,424	21,989
Less: provision for impairment of other receivables	(1,180)	(1,171)
Other receivables, net	22,244	20,818
Accrued income	21,750	21,695
	83,339	76,608
Deferred fuel costs	801	1,325
Prepayments	5,922	3,774
	90,062	81,707

The movement in the provision for impairment of trade receivables was as follows:

	2024 $'000	2023 $'000
Balance at January 1	14,100	15,182
Impairment gain (Note 35)	(261)	(1,082)
Balance at December 31	13,839	14,100

(Expressed in thousands of Eastern Caribbean Dollars)

11. Trade, Other Receivables and Prepayments (Cont'd)

The movement in the allowance for impairment in respect of other receivables was as follows:

	2024 $'000	2023 $'000
Balance at January 1	1,171	879
Impairment loss (Note 35)	9	292
Balance at December 31	1,180	1,171

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts considered irrecoverable are written-off against the asset directly.

The Group's exposure to credit risk related to trade and other receivables is disclosed in Note 37.

Deferred fuel costs relate to fair value adjustments of derivative financial instruments as disclosed in Note 4(l) and Note 13. The movements in deferred fuel costs are as follows:

	2024 $'000	2023 $'000
Balance at beginning of year	1,325	1,240
Balances arising from new hedge contracts	801	1,325
Reversals	(1,325)	(1,240)
Balance at end of year	801	1,325

Future recovery/reversals of the amounts in deferred fuel costs are exposed to the risk that possible changes in the regulations could result in gains or losses associated with derivative financial instruments no longer being recovered from/refunded to customers.

12. Other Financial Assets

	2024 $'000	2023 $'000
Financial assets at amortised cost		
Treasury bills	-	2,009
Fixed deposit	-	10,081
	-	12,090
Financial assets at FVTOCI		
Treasury bills-local and regional	4,928	-
Treasury bills-international	14,999	15,406
	19,927	15,406
Financial assets at FVTPL		
Investments funds	21,842	23,295
Equities	10,989	10,059
	32,831	33,354
	52,758	60,850

(Expressed in thousands of Eastern Caribbean Dollars)

12. Other Financial Assets (Cont'd)

The treasury bills classified at amortised cost had a weighted average effective interest rate of nil (2023 - 2.50% per annum) and a maturity date of nil (2023 - 1 month after the reporting date). The fixed deposit had an effective interest rate of nil (2023 - 2.52% per annum) and a maturity date of nil (2023 - 8 months after the reporting date). The weighted average effective interest rate on the financial assets at FVTOCI was 2.40% (2023 – 2.64%) per annum.

The financial assets at FVTOCI and at FVTPL are not available for the day-to-day operations of the Group (Note 18).

The Group's exposure to credit risk related to other financial assets is disclosed in Note 37.

The movements in other financial assets during the year are as follows:

	2024 $'000	2023 $'000
Beginning balance	60,850	49,748
Purchases	52,523	59,244
Redemptions	(62,470)	(51,046)
Amortisation of discount	976	959
Realised fair value gain on redemption	28	218
Unrealised fair value loss on financial assets measured at FVTOCI	(3)	(14)
Unrealised fair value gain on financial assets measured at FVTPL	854	1,741
Ending balance	52,758	60,850

13. Derivative Financial Instruments

The underlying strategy and imperative related to the Group's objective of its fuel price hedging programme is to reduce, in some measure, the price volatility to its customers caused by the existing arrangements whereby fuel is purchased on a regular basis at market prices.

The Board of Directors, as part of the hedging strategy, approved a rolling 12-month hedging programme that commenced in January 2012 utilising Fixed Price Swaps covering up to 75% of estimated monthly volumes. This strategy was further expanded in December 2015 to include the use of Options.

Under the provisions of the Electricity Supply Act (as amended) 1994, fuel prices are passed through to customers at cost.

The fair value of these hedging contracts at year end as disclosed on the consolidated statement of financial position is as follow:

	2024 $'000	2023 $'000
Derivative financial liability - Fixed price swaps and options	801	1,325

The Group's exposure to credit risk related to its derivative financial asset is disclosed in Note 37.

14. Cash and Cash Equivalents

Cash and cash equivalents comprise:

	2024 $'000	2023 $'000
Cash on hand	16	16
Cash at bank	8,758	22,288
	8,774	22,304

(Expressed in thousands of Eastern Caribbean Dollars)

14. Cash and Cash Equivalents (Cont'd)

Cash at bank is non-interest bearing.

Included in cash at bank are $3,009 (2023 - $3,603) that are not available for the day-to-day operations of the Group (Note 18).

The Group's exposure to credit risk related to cash and cash equivalents is disclosed in Note 37.

Reconciliation of liabilities arising from financing activities:

	Non-current lease liabilities (Note 19) $'000	Current lease liabilities (Note 19) $'000	Non-current borrowings (Note 20) $'000	Current borrowings (Note 20) $'000	Consumer deposits (Note 21) $'000	Total $'000
Balance at January 1, 2023	1,567	723	53,938	20,778	21,269	98,275
Cash flows during the year	(78)	(933)	15,000	(22,570)	561	(8,020)
Non-cash flows during the year:						
-New leases	3,769	-	-	-	-	3,769
-Lease liabilities classified as non-current becoming current in 2023	(836)	836	-	-	-	-
-Borrowings classified as non-current becoming current in 2023	-	-	(18,451)	18,451	-	-
-Interest accrued in 2023 (Note 28)	-	210	-	3,037	332	3,579
Balance at December 31, 2023	4,422	836	50,487	19,696	22,162	97,603
Balance at January 1, 2024	4,422	836	50,487	19,696	22,162	97,603
Cash flows during the year	(28)	(1,080)	-	(22,118)	708	(22,518)
Non-cash flows during the year:						
-New leases	580	-	-	-	-	580
-Lease liabilities classified as non-current becoming current in 2024	(850)	850	-	-	-	-
-Borrowings classified as non-current becoming current in 2024	-	-	(13,787)	13,787	-	-
-Interest accrued in 2024 (Note 28)	-	244	-	2,422	349	3,015
Balance at December 31, 2024	4,124	850	36,700	13,787	23,219	78,680

(Expressed in thousands of Eastern Caribbean Dollars)

15. Share Capital

	2024	2023
Authorised		
Voting ordinary shares	100,000	100,000
Ordinary non-voting shares	800	800
Preference shares	1,124	1,214

	2024 $'000	2023 $'000
Issued and fully paid		
22,400,000 voting ordinary shares	77,563	77,563
520,000 non-voting ordinary shares	2,600	2,600
	80,163	80,163

16. Fair Value Reserve

	2024 $'000	2023 $'000
Balance at beginning of year	(1,350)	(3,077)
Fair value loss on FVTOCI financial assets	(3)	(14)
Transferred from retained earnings	854	1,741
Balance at end of year	(499)	(1,350)

The fair value reserve represents the cumulative unrealised fair value gains and losses arising on the revaluation of financial assets at FVTOCI and at FVTPL.

17. Revaluation Reserve

	2024 $'000	2023 $'000
Balance at beginning and end of year	59,862	59,862

The revaluation reserve represents the unrealised gain on the revaluation of the Group's land. When land is sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the revaluation reserve will not be reclassified subsequently to profit or loss.

18. Self-insurance Reserve

Because of the difficulty experienced by the Group in obtaining adequate and reasonably priced commercial insurance coverage primarily on its Transmission and Distribution ("T&D") assets, the Board of Directors gave approval for the establishment of a Self-insurance Fund to provide coverage for its T&D assets in the first instance, in the event of natural disasters or similar catastrophic events. From 2008, the Group therefore ceased commercial insurance cover of its T&D assets and undertook on an annual basis, to provide for insurance cover and to place amounts into the fund which will be independently managed under the terms of a registered Trust Deed. In 2022, the Group was able to supplement the self-insurance reserve with parametric insurance on its T&D assets.

(Expressed in thousands of Eastern Caribbean Dollars)

18. Self-insurance Reserve (Cont'd)

During 2011, the Group received formal notification from the Registrar of Insurances of the approval in principle, subject to certain conditions, for the establishment of the fund in accordance with the Insurance Act of Saint Lucia. Payments into the fund are exempted from income tax under the authority of Statutory Instrument No. 172 of 2007.

LUCELEC Cap-Ins. Inc. was incorporated on December 31, 2014. This subsidiary company has established a reserve which is not available for distribution to the shareholder.

The fund balance comprises the following:

	2024 $'000	2023 $'000
FVTOCI financial assets (Note 12)	19,927	15,406
FVTPL financial assets (Note 12)	32,831	33,354
Cash and cash equivalents (Note 14)	3,009	3,603
	55,767	52,363

The movement in the Self-insurance Reserve was as follows:

	2024 $'000	2023 $'000
Balance at beginning of year	52,017	49,614
Transferred from retained earnings	2,748	2,403
Balance at end of year	54,765	52,017

19. Lease Liabilities

	2024 $'000	2023 $'000
Current	850	836
Non-current	4,124	4,422
	4,974	5,258

The weighted average rate of interest applied to lease liabilities is 5.04% (2023 – 4.68%) per annum.

Lease liabilities are secured by the related underlying asset (see Note 8).

Future minimum lease payments at year end were as follows:

	2024 $'000	2023 $'000
Between 1 and 2 years	771	768
Between 2 and 5 years	1,934	1,746
Greater than 5 years	1,419	1,908
	4,124	4,422

The Group's exposure to liquidity risks related to lease liabilities is disclosed in Note 37.

(Expressed in thousands of Eastern Caribbean Dollars)

20. Borrowings

	2024 $'000	2023 $'000
Current		
Bank borrowings	3,234	9,679
Related party	10,553	10,017
	13,787	19,696
Non-current		
Bank borrowings	33,975	37,209
Related party	2,725	13,278
	36,700	50,487
Total borrowings		
Bank borrowings	37,209	46,888
Related party (Note 33(d)(v))	13,278	23,295
	50,487	70,183

Borrowings are secured by hypothecary obligations and mortgage debentures creating fixed charges over all immovable properties and floating charges over all other assets, all ranking *pari passu* pursuant to a security sharing agreement, and assignment of insurance policies (Note 7).

The weighted average effective rates at the reporting date were as follows:

	2024 %	2023 %
Bank borrowings	3.31	3.45
Related party	5.25	5.25

Maturity of non-current borrowings:

	2024 $'000	2023 $'000
Between 1 and 2 years	6,071	13,787
Between 2 and 5 years	8,339	13,116
Over 5 years	22,290	23,584
	36,700	50,487

The Group's exposure to liquidity risks related to borrowings is disclosed in Note 37.

21. Consumer Deposits

Consumers requesting energy connections are required to pay a deposit that is refundable when the service is terminated. Interest is accrued on these deposits at the rate of 2% (2023 - 2%) per annum.

	2024 $'000	2023 $'000
Consumer deposits	17,890	17,087
Interest accrual	5,329	5,075
	23,219	22,162

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22. Provision for Other Liabilities

	2024 $'000	2023 $'000
Balance at beginning of year	1,671	1,671
Decrease in provision	(48)	-
Balance at end of year	1,623	1,671

The provision represents the most recent reasonable estimated decommissioning costs of the old power stations located at Union and Vieux Fort. The decommissioning of the power station at Vieux Fort commenced in 2024 and is expected to be completed by 2025, while the power station at Union is scheduled to be decommissioned in 2025.

23. Deferred Tax Liability

Deferred tax liability is calculated in full on temporary differences under the statement of financial position liability method using a principal tax rate of 30% (2023 - 30%). The movements on the deferred tax liability account are as follows:

	2024 $'000	2023 $'000
Balance at beginning of year	40,846	37,094
Recognised in profit and loss (Note 29)	846	3,739
Recognised in other comprehensive income (Note 29)	(208)	13
Balance at end of year	41,484	40,846

Deferred tax liability is attributed to the following items:

	2024 $'000	2023 $'000
Property, plant and equipment	42,448	41,662
Post-employment medical benefit liabilities	(778)	(774)
Leased assets	1,437	1,535
Lease liabilities	(1,492)	(1,577)
Unutilized tax losses carried forward	(131)	-
	41,484	40,846

24. Retirement Benefit Liabilities

(a) Background

Grade I Employees

The Group contributes to a defined benefit pension scheme for Grade I employees who were employed prior to January 1, 2008. The plan is administered and managed by Sagicor Life, Inc.("Sagicor")

Grade II Employees

The Group contributes to a defined benefit pension scheme for Grade II employees who were employed prior to January 1, 2008 which, up to December 31, 2008, was administered by CLICO International Life Insurance Group Limited ("CLICO"). Subsequent funding to the plan is currently administered by RBC Investments Management (Caribbean) Limited.

The most recent actuarial valuations of these two plans were completed December 31, 2021 using the "Projected Unit Credit" method of valuation.

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24. Retirement Benefit Liabilities (Cont'd)

(b) The principal actuarial assumptions used for all plans were as follows:

	Grade II		Grade I	
	2024	2023	2024	2023
	%	%	%	%
Discount rates	7.5	7.5	7.5	7.5
Future salary increases	4.0	4.0	4.0	4.0
Future NIS earnings increases	-	-	2.0	2.0

Assumptions regarding future mortality are based on standard mortality tables.

(c) The amounts recognised in the consolidated statement of financial position are determined as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligations	(21,758)	(20,597)	(17,032)	(15,893)	(38,790)	(36,490)
Fair value of plan assets	27,275	25,243	20,890	18,487	48,165	43,730
Effect of asset ceiling	(5,517)	(4,646)	(3,858)	(2,594)	(9,375)	(7,240)
Defined benefit liabilities	-	-	-	-	-	-

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24. Retirement Benefit Liabilities (Cont'd)

(d) The movements in the present value of defined benefit obligations were as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation as at January 1	20,597	19,390	15,893	15,045	36,490	34,435
Current service cost	405	382	84	(19)	489	363
Interest cost	1,485	1,412	1,168	1,107	2,653	2,519
Members' contributions	162	161	141	238	303	399
Benefits paid	(1,627)	(1,136)	(699)	(634)	(2,326)	(1,770)
Re-measurements: experience adjustments	736	388	445	156	1,181	544
Defined benefit obligation as at December 31	21,758	20,597	17,032	15,893	38,790	36,490

(e) The movements in the fair value of plan assets were as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Fair value of plan assets at January 1	25,243	24,590	18,487	17,614	43,730	42,204
Contributions paid - employer	526	301	937	240	1,463	541
Contributions paid - members	162	161	141	238	303	399
Interest income	1,857	1,818	1,399	1,314	3,256	3,132
Return on plan assets, excluding interest income	1,162	(443)	661	(248)	1,823	(691)
Benefits paid	(1,627)	(1,136)	(699)	(634)	(2,326)	(1,770)
Expense allowance	(48)	(48)	(36)	(37)	(84)	(85)
Fair value of plan assets at December 31	27,275	25,243	20,890	18,487	48,165	43,730

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24. Retirement Benefit Liabilities (Cont'd)

(f) Composition of plan assets

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Overseas equity	6,115	4,588	-	-	6,115	4,588
Government issued nominal bonds	12,962	13,354	-	-	12,962	13,354
Corporate bonds	4,475	4,148	-	-	4,475	4,148
Cash/money market	2,848	2,240	-	-	2,848	2,240
Immediate annuity policies	875	913	-	-	875	913
Unit trust	-	-	20,890	18,487	20,890	18,487
	27,275	25,243	20,890	18,487	48,165	43,730

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24. Retirement Benefit Liabilities (Cont'd)

(f) Composition of plan assets (Cont'd)

Grade I

The asset value as at December 31, 2024 was estimated using the asset value as at November 30, 2024 provided by the Plan's Investment Manager - Sagicor. The value is reliant on Sagicor's financial strength.

The Grade I Plan's assets are invested in a strategy agreed with the Grade I Plan's Trustees which is largely driven by statutory constraints and asset availability. The Trustees have agreed to invest the Grade I Plan's assets in Sagicor's International Balanced Fund, which is a collective investment vehicle for regional pension plans investing in a diversified portfolio of bonds and equities. There are no asset-liability matching strategies used by the Grade I Plan.

Grade II

The values of the Grade II Plan assets as at December 31, 2024 were estimated using the asset value as at November 30, 2024 provided by the Plan's Investment Manager (RBC) and an estimate of the value of the Grade II Plan's immediate annuity policies which was calculated using the same assumptions used to calculate the defined benefit obligation (it is assumed that these annuities have not been impaired). The Investment Manager calculates the fair value of the Government bonds by discounting expected future proceeds using a constructed yield curve.

All of the Grade II Plan's government bonds were issued by the governments of countries within Caricom. The Scheme's immediate annuity policies that were purchased from CLICO were transferred to NAGICO during 2021. The value of these policies is reliant on NAGICO's financial strength and its ability to pay the pension secured.

The Grade II Plan's assets are invested in a strategy agreed with the Grade II Plan's Trustees which is largely driven by statutory constraints and asset availability. There are no asset-liability matching strategies used by the Grade II Plan.

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24. Retirement Benefit Liabilities (Cont'd)

(g) The actual return on plan assets was as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Return on plan assets	3,019	1,375	2,060	1,066	5,079	2,441

(h) The net pension costs recognised in the consolidated statement of comprehensive income were as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Current service cost	405	382	84	(19)	489	363
Administration expenses	48	48	36	37	84	85
Net pension costs	453	430	120	18	573	448

(i) Re-measurements recognised in other comprehensive income were as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Experience losses	(426)	831	(216)	404	(642)	1,235
Effect of asset ceiling	499	(960)	1,033	(182)	1,532	(1,142)
Total amount recognised in other comprehensive income	73	(129)	817	222	890	93

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24. Retirement Benefit Liabilities (Cont'd)

(j) Reconciliation of opening and closing defined benefit liabilities:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Opening defined benefit liabilities	-	-	-	-	-	-
Net pension cost	(453)	(430)	(120)	(18)	(573)	(448)
Re-measurements recognised in other comprehensive income	(73)	129	(817)	(222)	(890)	(93)
Employer contributions paid	526	301	937	240	1,463	541
Closing defined benefit liabilities	-	-	-	-	-	-

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24. Retirement Benefit Liabilities (Cont'd)

(k) Sensitivity Analysis

The calculation of the defined benefit obligations for Grades I to II is sensitive to the assumptions used. The following tables summarise how the defined benefit obligations would have changed as a result of a change in the assumptions used.

Grade I

December 31, 2024

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(1,521)	1,870
Future salary increases	919	(809)

December 31, 2023

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(1,430)	1,762
Future salary increases	924	(786)

An increase of one year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2024 by $240 (2023 - $224).

Grade II

December 31, 2024

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(2,051)	2,437
Future salary increases	457	(420)

December 31, 2023

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(1,977)	2,354
Future salary increases	482	(444)

An increase of one year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2024 by $417 (2023 - $391).

(Expressed in thousands of Eastern Caribbean Dollars)

24. Retirement Benefit Liabilities (Cont'd)

(l) Duration

The weighted average duration of the defined benefit obligation at year end for each of the plans was as follows:

	2024	2023
Grade 1	10.6 years	10.7 years
Grade II	11.0 years	11.2 years

(m) Funding Policy

Grade I

The Group meets the balance of the cost of funding the defined benefit pension plan and the Group must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the plan and the assumptions used to determine the funding required may differ from those set out above.

The Group expects to pay $440 to the pension plan during 2025.

Grade II

The Group meets the balance of the cost of funding the defined benefit pension plan and the Group must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the plan and the assumptions used to determine the funding required may differ from those set out above.

The Group expects to pay $600 to the pension plan during 2025.

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25. Post-employment Medical Benefit Liabilities

The Group contributes to a post-employment medical scheme with The Beacon Insurance Co. Limited for all its current employees and retirees.

(a) The principal actuarial assumptions used were as follows:

	2024 %	2023 %
Discount rate	7.5	7.5
Medical expense increase	5.0	5.0

Assumptions regarding future mortality are based on standard mortality tables.

(b) The amounts recognised in the consolidated statement of financial position are determined as follows:

	2024 $'000	2023 $'000
Present value of defined benefit obligations	2,592	2,581
Defined benefit liabilities	2,592	2,581

(c) The movements in the present value of defined medical benefit obligations were as follows:

	2024 $'000	2023 $'000
Defined benefit obligations as at January 1	2,581	2,518
Current service costs	81	81
Interest costs	191	186
Benefits paid	(66)	(69)
Re-measurements: experience adjustments	(195)	(135)
Defined benefit obligations as at December 31	2,592	2,581

(d) The amounts recognised in the consolidated statement of comprehensive income were as follows:

	2024 $'000	2023 $'000
Current service costs	81	81
Interest on defined benefit obligations	191	186
Net medical benefit costs	272	267

(e) Re-measurements recognised in other comprehensive income were as follows:

	2024 $'000	2023 $'000
Experience gain	(195)	(135)
Total amount recognised in other comprehensive income	(195)	(135)

(Expressed in thousands of Eastern Caribbean Dollars)

25. Post-employment Medical Benefit Liabilities (Cont'd)

(f) Reconciliation of opening and closing defined benefit liabilities:

	2024 $'000	2023 $'000
Opening defined benefit liabilities	2,581	2,518
Net medical benefit costs	272	267
Re-measurement gain recognised in other comprehensive income	(195)	(135)
Benefits paid	(66)	(69)
Closing defined benefit liabilities	2,592	2,581

The calculation of the defined benefit obligations is sensitive to the assumptions used. The following tables summarise how the defined benefit obligations would have changed as a result of a change in the assumptions used.

December 31, 2024

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(391)	505
Medical expense increases	514	(402)

December 31, 2023

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(389)	503
Medical expense increases	511	(400)

An increase of 1 year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2024 by $80 (2023 - $80).

(g) Duration

The weighted average duration of the defined benefit obligation at December 31, 2024 was 18.3 years (2023 - 18.3 years).

(h) Funding Policy

The Group insures the medical benefits for retirees with an external insurer and pays 50% of the retiree only premiums to the insurer as they fall due. The retiree meets the remaining 50%. In addition, if the retiree wishes to provide for his dependents, the retiree meets the full cost of this additional benefit.

The Group expects to pay $69 to the plan in 2024.

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26. Trade and Other Payables

	2024 $'000	2023 $'000
Trade payables	19,375	31,455
Accrued expenses	11,535	14,436
Other payables	17,221	14,906
	48,131	60,797

The Group's exposure to liquidity risks related to trade and other payables is disclosed in Note 37.

27. Other Losses, Net

	2024 $'000	2023 $'000
Loss on disposal of property, plant and equipment	(133)	-
Foreign exchange gains/(losses)	2	(18)
	(131)	(18)

28. Finance Costs

	2024 $'000	2023 $'000
Interest expense on:		
-lease liabilities	244	210
-borrowings	2,422	3,037
-consumer deposits	349	332
-pole rental deposits	2	2
	3,017	3,581

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29. Taxation

	2024 $'000	2023 $'000
Current tax	15,781	12,440
Deferred tax (Note 23)	846	3,739
	16,627	16,179

Reconciliation of the applicable tax charge to the effective tax charges:

	2024 $'000	2023 $'000
Profit before taxation	58,540	57,776
Tax at the statutory rate of 30% (2023 - 30%)	17,562	17,332
Tax effect of non-deductible expenses	637	763
Tax effect of non-taxable income	(681)	(1,017)
Tax effect of self-insurance appropriation	(900)	(900)
Deferred tax asset unrecognised on tax loss	-	1
Understated 2023 tax charge	9	-
Tax charge	16,627	16,179

Deferred tax on each component of other comprehensive income is as follows:

	2024 $'000	2023 $'000
Re-measurement of defined benefit pension plans		
Before tax (Notes 24(i) and 25(e))	(695)	42
Tax (Note 23)	208	(13)
After tax	(487)	29

30. Basic and Diluted Earnings per Share

Basic and diluted earnings per share is calculated by dividing the net profit for the year of $41,913 (2023 - $41,597) by the weighted average number of shares outstanding during the year of 22,920 (2023 - 22,920).

31. Tariff Reduction

In accordance with the provisions of the Electricity Supply Amendment Act Nos. 12 of 2006 and 13 of 2006, a mechanism was put into effect for the computation of the Allowable Rate of Return, based on a predetermined range of Return on Average Contributed Capital.

The Allowable Rate of Return is between 2% and 7% above the cost of the most recent long-term bonds issued by the Government of St. Lucia on the Regional Government Securities Market, with a minimum return of 10%. This was equal to a range of 10.00% to 14.25% in respect of 2024 (2023 – 10.00% to 13.99%).

In the event that the actual Rate of Return exceeds the Allowable Rate of Return, 50% of the amount in excess of the maximum of the range will be distributed proportionately to hotel and industrial consumers as a decrease in the basic energy rate based on the total kilowatt hours consumed in the preceding calendar year. The Minister may also, by Order, apply the decrease in the basic energy rate to consumers or groups of consumers in need of special protection.

In the event that the actual Rate of Return falls below the minimum of 10%, provision is also made for the upward adjustment of the basic energy rate.

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32. Ordinary Dividends

	2024 $ Dividends Per share	2024 $'000 Total	2023 $ Dividends Per share	2023 $'000 Total
Final - relating to 2022	-	-	0.68	15,586
Interim - relating to 2023	-	-	0.45	10,314
Final - relating to 2023	0.53	12,148	-	-
Interim - relating to 2024	0.45	10,314	-	-
	0.98	22,462	1.13	25,900

The final dividend for the year 2024 had not been declared as at December 31, 2024.

33. Related Parties

(a) Identification of related party

A party is related to the Group if:

(i) Directly or indirectly the party:
- Controls, is controlled by, or is under common control with the Group;
- Has an interest in the Group that gives it significant influence over the Group; or
- Has joint control over the Group.

(ii) The party is a member of the key management personnel of the Group,
(iii) The party is a close member of the family of any individual referred to in (i) or (ii),
(iv) The party is a post-employment benefit plan for the benefit of employees of the Group or any Group that is a related party of the Group,
(v) The party is an entity that is controlled or jointly controlled by a party referred to in (i) to (iii).

(b) Related party transactions and balances

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, or commercial terms and conditions.

(c) Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to executive officers and contributions to post-employment retirement plans on their behalf. The key management personnel compensations are as follows:

	2024 $'000	2023 $'000
Short-term employee benefits	4,393	4,192
Post-employment benefits	207	175
Directors' remuneration	369	363
	4,935	4,730

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33. Related Parties (Cont'd)

(c) Transactions with key management personnel (Cont'd)

(i) Transactions with the key management personnel during the year were as follows:

	2024 $'000	2023 $'000
Supply of electricity services	137	134

(ii) Balances at the reporting date arising from transactions with key management personnel and included in trade receivables, gross (Note 11) of $53,184 (2023 - $48,195) were as follows:

	2024 $'000	2023 $'000
Supply of electricity services	7	7

(d) Transactions with shareholders

The Group's major shareholders are as follows:

	2024 %	2023 %
Emera St. Lucia Ltd.	20.00	20.00
First Citizens Bank Limited	20.00	20.00
National Insurance Corporation	20.00	20.00
Castries Constituency Council	15.50	15.50
Government of Saint Lucia	10.05	10.05
	85.55	85.55

The remaining 14.45% (2023 - 14.45%) of the shares is widely held.

(i) Transactions with shareholders during the year were as follows:

Supply of Electricity Services

	2024 $'000	2023 $'000
First Citizens Bank Ltd	116	121
National Insurance Corporation	2,680	1,903
Castries Constituency Council	768	2,325
Government of Saint Lucia	26,418	33,844
	29,982	38,193

The Government of Saint Lucia receives a 10% (2023 - 10%) discount on electricity charges in respect of all accounts other than Street lighting, except where the minimum charges apply.

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33. Related Parties (Cont'd)

(d) Transactions with shareholders (Cont'd)

(i) Transactions with shareholders during the year were as follows (Cont'd):

Supply of Other Services

	2024 $'000	2023 $'000
Government of Saint Lucia	6,336	739

(ii) Balances at the reporting date arising from supply of electricity services to related parties during the year and included in trade receivables, gross (Note 11) of $53,184 (2023 - $48,195) were as follows:

	2024 $'000	2023 $'000
National Insurance Corporation	42	25
Castries Constituency Council	(200)	258
Government of Saint Lucia	(4,784)	1,632
	(4,942)	1,915

(iii) Balances at the reporting date arising from supply of other services to related parties during the year and included in other receivables, gross (Note 11) of $23,424 (2023 - $21,989) were as follows:

	2024 $'000	2023 $'000
Government of Saint Lucia	7,629	739

(iv) Provision for impairment losses recognised against related party balances were as follows:

	2024 $'000	2023 $'000
Provision for impairment	517	519

(Expressed in thousands of Eastern Caribbean Dollars)

33. Related Parties (Cont'd)

(d) Transactions with shareholders (Cont'd)

(v) Loans from shareholders

Movements in loans from shareholders for the year and their balances at the reporting date were as follows:

	2024 $'000	2023 $'000
National Insurance Corporation		
At beginning of year	23,295	32,802
Repayments during year	(11,045)	(11,045)
	12,250	21,757
Interest expense	1,028	1,538
At end of year	13,278	23,295

The above loans are fully secured (Note 20).

Finance Costs

Details of the related finance costs are as follows:

	2024 $'000	2023 $'000
National Insurance Corporation	1,028	1,538

These charges are included in the finance costs of $3,017 (2023 - $3,581) as disclosed in the consolidated statement of comprehensive income.

(e) Transactions with pension schemes

(i) Transactions with the pension schemes during the year were as follows:
Liabilities settled on behalf of the pension schemes

	2024 $'000	2023 $'000
LUCELEC Grade I Pension Scheme	82	103
LUCELEC Grade II Pension Scheme	97	62
LUCELEC Defined Contribution Pension Scheme	87	101
	266	266

(ii) Balances at the reporting date arising from settlement of liabilities on behalf of the pension schemes during the year and included in other receivables, gross (Note 11) of $23,424 (2023 - $21,989) were as follows:

	2024 $'000	2023 $'000
LUCELEC Grade I Pension Scheme	530	448
LUCELEC Grade II Pension Scheme	154	77
LUCELEC Defined Contribution Pension Scheme	188	101
	872	626

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34. Fuel Surcharge Cost Adjustment

Included in energy sales is an adjustment to the base tariff of $28,417 (2023 – $22,410).

35. Expenses by Nature

	2024 $'000	2023 $'000
Operating expenses		
Fuel costs	209,729	221,411
Depreciation on property, plant and equipment (Note 7)	25,028	24,700
Depreciation on leased assets (Note 8)	112	203
Repairs and maintenance	18,593	16,681
Employee benefits (Note 36)	20,953	20,749
Generation insurance premiums	656	504
T&D insurance premiums	1,154	1,626
Other operating expenses	4,953	5,999
	281,178	291,873
Administrative expenses		
Depreciation on property, plant and equipment (Note 7)	823	679
Depreciation on leased assets (Note 8)	804	659
Amortisation of intangible assets (Note 9)	868	1,008
Repairs and maintenance	3,093	2,789
Employee benefits (Note 36)	14,481	13,598
Impairment gains on trade and other receivables (Note 11)	(252)	(790)
Bank charges	1,540	1,381
Debt collection expenses	937	853
Insurance	6,122	4,949
Professional fees	2,057	2,748
Other operating expenses	11,626	9,420
	42,099	37,294
	323,277	329,167

Included in professional fees are audit fees of $213 (2023 - $203).

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36. Employee Benefit Expenses

	2024 $'000	2023 $'000
Wages and salaries	27,419	27,096
Pension contributions	2,254	1,781
Medical contributions	1,037	1,014
Other employee benefits	4,724	4,456
	35,434	34,347

Allocated as follows:

	2024 $'000	2023 $'000
Operating expenses (Note 35)	20,953	20,749
Administrative expenses (Note 35)	14,481	13,598
	35,434	34,347

The number of permanent employees at December 31, 2024 was 269 (2023 - 260).

37. Financial Instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	2024 $'000	2023 $'000
Trade and other receivables	11	83,339	76,608
Other financial assets	12	52,758	60,850
Cash at bank	14	8,758	22,288
		144,855	159,746

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2024 $'000	2023 $'000
Business, before deducting provision	37,506	31,924
Residential, before deducting provision	15,678	16,271
	53,184	48,195

(Expressed in thousands of Eastern Caribbean Dollars)

37. Financial Instruments (Cont'd)

Credit risk (Cont'd)

Expected credit loss assessment

The Group uses a provision matrix to measure the expected credit losses of trade receivables. The expected loss rates are based on the Group's historical credit loss rates per ageing category, which reflects the percentage of the ageing category which migrates over to 120 days, adjusted for factors specific to the debtor. The historical loss rates are then adjusted for current and forward-looking information based on the impact of macroeconomic factors on the Group's customers. The Group has identified the inflation rate, unemployment and gross domestic product (2023 – unemployment rate and gross domestic product) as the key macroeconomic factors. These loss rates are applied to the outstanding receivable balances less security deposits and interest.

The following provides information about the Group's exposure to credit risk and expected credit losses for trade receivables:

December 31, 2024

	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Current (not past due)	23,467	444	23,023
More than 30 days past due	4,913	282	4,631
More than 60 days past due	1,440	103	1,337
More than 90 days past due	1,306	114	1,192
More than 120 days past due	22,058	12,896	9,162
	53,184	13,839	39,345

December 31, 2023

	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Current (not past due)	25,132	473	24,659
More than 30 days past due	5,628	332	5,296
More than 60 days past due	2,077	200	1,877
More than 90 days past due	1,558	150	1,408
More than 120 days past due	13,800	12,945	855
	48,195	14,100	34,095

(Expressed in thousands of Eastern Caribbean Dollars)

37. Financial Instruments (Cont'd)

Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments:

December 31, 2024

	Notes	Carrying amounts $'000	Total contractual cash flows $'000	Contractual cash flow: Under 1 year $'000	1-2 years $'000	2-5 years $'000	>5 years $'000
Non-derivative financial liabilities							
Lease liabilities	19	4,974	5,731	1,076	944	2,210	1,501
Borrowings	20	50,487	61,074	15,460	7,176	10,872	27,566
Trade and other payables	26	48,131	48,131	48,131	-	-	-
		103,592	114,936	64,667	8,120	13,082	29,067

December 31, 2023

	Notes	Carrying amounts $'000	Total contractual cash flows $'000	Contractual cash flow: Under 1 year $'000	1-2 years $'000	2-5 years $'000	>5 years $'000
Non-derivative financial liabilities							
Lease liabilities	19	5,258	2,600	859	704	819	218
Borrowings	20	70,183	84,118	22,389	19,628	23,988	18,113
Trade and other payables	26	60,797	60,797	60,797	-	-	-
		136,238	147,515	84,045	20,332	24,807	18,331

The Group also has liabilities totaling $23,219 (2023 - $22,162) relating to consumer deposits (Note 21) that are refundable upon the cessation of the supply of services. It is not practicable to determine the contractual maturities of these liabilities, including estimated interest payments.

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37. Financial Instruments (Cont'd)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	Notes	Carrying amounts as at December 31, 2024 $'000	Fair values as at December 31, 2024 $'000	Carrying amounts as at December 31, 2023 $'000	Fair values as at December 31, 2023 $'000
Trade and other receivables	11	83,339	83,339	76,608	76,608
Other financial assets	12	52,758	52,758	60,850	60,850
Cash and cash equivalents	14	8,774	8,774	22,304	22,304
Derivative financial liability	13	(801)	(801)	(1,325)	(1,325)
Borrowings	5 & 20	(50,487)	(41,567)	(70,183)	(60,341)
Trade and other payables	26	(48,131)	(48,131)	(60,797)	(60,797)
		45,452	54,372	27,457	37,299

The basis of determining fair values is disclosed in Note 5.

Interest rates used for determining fair values

The interest rates used to discount estimated cash flows of borrowings are based on the market interest rates at the reporting date.

The Group also has liabilities totaling $23,219 (2023 - $22,162) relating to consumer deposits (Note 21) that are refundable upon the cessation of the supply of services. It is not practicable to determine the fair values of these liabilities.

37. Financial Instruments (Cont'd)

Equity price risk

An average pricing volatility of 2.82% (2023 – 4.90%) was observed for the Group's investments in equity instruments. This volatility figure is considered to be a reasonable basis for estimating how profit or loss could have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these equity instruments increased or decreased by that amount, profit before taxation could have changed by $310 (2023 - $493).

38. Commitments

Capital commitments

The Group had capital commitments at December 31, 2024 of $7,421 (2023 - $4,344).

Operating lease commitments

Pole rental

The Group expects to earn annual income from pole rentals of $892 (2023 - $951) for the foreseeable future.

39. Contingent Liabilities

Claims

The Group has been named a defendant to a number of claims as at December 31, 2024 as follows:

1. Claims from unrelated third parties estimated at $27. No provision has been made.
2. Claim from the former Members of Eastern Caribbean Utilities Pension Scheme (Present and former employees of the Group) for which a value has not been disclosed.

   The employees who are former members of the defunct Eastern Caribbean Utilities Pension Scheme (ECUPS) are seeking future pension benefits on the basis of the ECUPS formula which they allege they are entitled to, based on their employment contract. The Group has denied this claim. A provision has been recorded based on the offer made by the Group.

While it is impossible to be certain of the outcome of any particular case or of the amount of any possible adverse verdict, the Group believes that its defenses to all these various claims are meritorious.

Income tax

From the date of incorporation, subsidiary company, LUCELEC Cap-Ins. Inc., has treated all its income as tax exempt given the purpose of the self-insurance fund. Having recognised that the existing tax exemption only provides for income received in the form of contributions from St. Lucia Electricity Services Limited, the Group is seeking an amendment to the Income Tax Act to legitimise the treatment of all other income. Should the Group be unsuccessful in securing this amendment, the Group's current tax liability including penalties and interest could increase by $2,417 (2023 - $2,007) and deferred tax liability could decrease by $149 (2023 - $404).

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40. Subsidiary Companies

	Country of Incorporation	Equity %
LUCELEC Cap-Ins. Inc.	Saint Lucia	100
Energyze Holdings Inc.	Saint Lucia	100

Financial Statistics

	2024	Restated 2023	2022	2021	2020	2019	2018	Restated 2017	2016	Restated 2015
Units Sold (kWh x 1000)	408,567	386,034	373,663	352,874	336,473	368,938	361,623	359,653	348,229	337,540
Tariff Sales (Cents per kWh)	99.5	104.9	81.9	77.1	83.3	84.8	76.8	74.9	91.6	97.7
Fuel Charge (Cents per kWh)	(7.0)	(5.8)	23.6	5.3	(6.8)	(1.0)	8.4	2.7	(17.0)	(6.1)
Operating costs (Cents per kWh)	79.1	85.3	88.7	66.2	61.4	70.3	71.0	63.9	59.4	77.4
Summarised Balance Sheet (EC$000's)										
Fixed and Intangible Assets (Net)	350,808	366,415	373,007	367,278	374,918	335,593	342,611	327,219	332,804	338,838
Right-of-use Assets	4,789	5,117	2,213	2,217	1,723	1,738	–	–	–	–
Other Financial Assets	–	–	–	–	–	–	–	–	–	172
Capital Work in Progress	77,674	56,414	37,470	37,770	33,861	28,481	16,702	33,574	15,151	15,736
Current Assets	173,555	189,439	187,248	153,751	151,414	158,479	135,732	134,289	131,547	135,680
Current Liabilities	(67,707)	(84,848)	(87,225)	(58,221)	(58,964)	(66,235)	(58,491)	(68,999)	(46,011)	(50,084)
Total	539,119	532,537	512,713	502,795	502,952	458,056	436,554	426,083	433,491	440,342
Share Capital	80,163	80,163	80,163	80,163	80,163	80,163	80,163	80,163	80,163	80,163
Retained Earnings	236,709	221,347	209,765	193,679	179,963	169,120	161,609	159,185	150,518	135,374
Other Reserves	114,128	110,529	106,399	109,149	106,232	57,137	50,447	49,654	45,516	43,555
Long Term Debt	40,824	54,909	55,505	60,323	78,380	95,951	89,924	82,202	100,181	121,713
Other Long Term Liabilities	67,295	65,589	60,881	59,481	58,214	55,685	54,411	54,879	57,113	59,537
Total	539,119	532,537	512,713	502,795	502,952	458,056	436,554	426,083	433,491	440,342

	2024	Restated 2023	2022	2021	2020	2019	2018	Restated 2017	2016	Restated 2015
Summarised Income Statement (EC$000's)										
Operating Revenues										
Electricity	406,491	404,903	306,073	272,152	280,290	312,842	277,614	269,308	319,001	329,767
Fuel Surcharge	(28,417)	(22,410)	88,366	18,758	(22,941)	(3,656)	30,266	9,673	(59,115)	(20,618)
Other	4,550	4,479	4,172	3,873	2,825	3,254	2,795	4,084	1,984	2,624
Total	382,624	386,972	398,611	294,783	260,174	312,440	310,675	283,065	261,870	311,773
Operating Costs										
Fuel	209,729	221,411	236,872	141,407	117,806	155,873	156,065	127,594	114,854	172,061
Generation	14,848	16,095	14,421	11,417	10,767	14,809	12,566	12,437	9,989	10,943
Transmission & Distribution	31,462	29,464	25,490	23,462	20,252	21,860	20,368	21,835	18,180	15,379
Administrative & Selling	39,603	34,948	28,684	32,248	31,207	30,776	30,225	31,625	28,441	28,654
Depreciation & Amortisation	27,635	27,249	26,075	24,986	26,557	36,129	37,526	36,206	35,389	34,301
Total	323,277	329,167	331,542	233,520	206,589	259,447	256,750	229,697	206,853	261,338
Operating Income	59,347	57,805	67,069	61,263	53,585	52,993	53,925	53,368	55,017	50,435
Interest Expense (Net)	(1,558)	(1,970)	(2,953)	(3,822)	(4,404)	(4,650)	(4,514)	(5,278)	(7,626)	(10,789)
Other Gains/(Losses)	751	1,941	(6,126)	(406)	1,190	3,375	(1,783)	67	45	307
Net Income before Tax	58,540	57,776	57,990	57,035	50,371	51,718	47,628	48,157	47,436	39,953
Taxation	(16,627)	(16,179)	(18,389)	(16,493)	(13,786)	(13,730)	(12,662)	(13,471)	(13,468)	(11,044)
Net Income after Tax	41,913	41,597	39,601	40,542	36,585	37,988	34,966	34,686	33,968	28,909
Other Comprehensive (Loss)/Income	(487)	29	(589)	(285)	(743)	(439)	(5,169)	385	1,567	(6,719)
Dividends Declared	(22,462)	(25,900)	(25,900)	(23,608)	(20,399)	(23,377)	(21,774)	(23,149)	(17,878)	(17,190)
Retained Earnings for Year	18,964	15,726	13,112	16,649	15,443	14,172	8,023	11,922	17,657	5,000
Retained Earnings - Beginning of Year	221,347	209,765	193,679	179,963	169,119	161,609	159,185	150,518	135,374	130,137
Transfer (to)/from Reserves	(3,602)	(4,144)	2,974	(2,933)	(4,599)	(6,662)	(800)	(3,255)	(2,513)	197
Prior Year Adjustment	-	-	-	-	-	-	(4,799)	-	-	40
Retained Earnings-End of Year	236,709	221,347	209,765	193,679	179,963	169,119	161,609	159,185	150,518	135,374
Rate of Return	12.80%	13.93%	15.80%	14.63%	13.30%	12.81%	14.93%	13.41%	13.56%	11.64%
Earnings per share (EC$)	1.83	1.81	1.73	1.77	1.60	1.66	1.53	1.51	1.48	1.26
Dividend per share (EC$)	0.98	1.13	1.13	1.03	0.89	1.02	0.95	1.01	0.78	0.75
Debt/Equity Ratio	11/89	15/85	16/84	17/83	21/79	27/73	26/74	26/74	30/70	35/65
Capital Expenditure (EC$000's)	38,904	38,739	32,159	20,712	26,240	40,348	36,070	49,044	28,771	21,545

Operating Statistics

	2024	Restated 2023	2022	2021	2020	2019	2018	2017	2016	2015
Generating Plant (kW)										
Available Capacity	88,400	88,400	88,400	88,400	88,400	88,400	88,400	88,400	88,400	88,400
Firm Capacity	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Peak Demand	67,610	65,940	61,880	60,920	59,000	62,550	60,600	61,700	60,300	59,000
Percentage growth in peak demand	2.5%	6.6%	1.6%	3.3%	-5.7%	3.2%	-1.8%	2.3%	2.2%	0.2%
Sales (kWh x 1000)										
Domestic	152,057	139,616	134,950	137,541	136,525	130,156	126,916	127,732	123,839	116,133
Commercial (including Hotels)	230,059	216,947	208,182	186,399	171,887	210,114	206,320	202,770	194,966	192,442
Industrial	22,054	20,813	20,498	18,743	17,764	18,326	17,494	18,256	18,519	17,999
Street Lighting	4,397	8,658	10,034	10,190	10,297	10,342	10,893	10,896	10,905	10,966
Total Sales	408,567	386,034	373,663	352,874	336,473	368,938	361,623	359,654	348,229	337,540
Power Station and Office Use (kWh x 1000)	13,366	12,337	12,256	12,846	13,059	12,325	12,288	13,196	13,770	13,715
Losses (kWh x 1000)	27,308	25,138	23,486	24,498	22,067	26,658	25,317	27,450	29,432	30,013
Units Generated/Purchased (kWh x 1000)	449,241	423,509	409,405	390,218	371,599	407,921	399,228	400,300	391,431	381,268
Percentage growth in units generated	6.1%	3.4%	4.9%	5.0%	-8.9%	2.2%	-0.3%	2.3%	2.7%	0.5%
Percentage growth in sales	5.8%	3.3%	5.9%	4.9%	-8.8%	2.0%	0.5%	3.3%	3.2%	1.7%
Percentage Losses (excl. prior year sales adjs.)	6.1%	5.9%	5.7%	6.3%	5.9%	6.5%	6.3%	6.9%	7.5%	7.9%

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Number of Consumers at Year End										
Domestic	65,827	64,689	63,849	63,222	61,850	60,968	60,726	59,620	58,867	59,766
Commercial (Including Hotels)	8,018	7,539	7,525	7,412	7,282	7,267	6,465	7,052	6,994	7,128
Industrial	84	85	88	88	87	90	91	93	94	98
Street Lighting (accounts)	24	22	22	22	21	21	19	19	19	19
	73,953	72,335	71,484	70,744	69,240	68,346	67,301	66,784	65,974	67,011
Percentage growth	2.2%	1.2%	1.0%	2.2%	1.3%	1.6%	0.8%	1.2%	-1.5%	-0.1%
Average Annual Consumption										
Per Customer (kWh)										
Domestic	2,310	2,158	2,114	2,176	2,207	2,135	2,090	2,142	2,104	1,943
Commercial (including Hotels)	28,693	28,777	27,665	25,148	23,604	28,913	31,913	28,754	27,876	26,998
Industrial	262,548	244,859	232,933	212,989	204,184	203,622	192,242	196,301	197,011	183,663
Diesel fuel consumed (Imp. Gall.)	22,708,993	21,122,702	20,750,985	19,575,946	18,574,877	20,618,895	20,251,915	20,491,272	19,938,352	19,612,984

Glossary of Terms

Acc. Dir.	Accredited Director
AI	Artificial Intelligence
AIFR	All Injury/Illness Frequency Rate
AS	Associate of Science Degree
BA	Bachelor of Arts
BBA	Bachelor of Business Administration
BDO	Binder Dijker Otte
BSc	Bachelor of Science
CARE	Centre For Adolescent Renewal and Education
CariCRIS	Caribbean Information and Credit Rating Services
CARILEC	Caribbean Electric Utility Services Corporation

CDC	Commonwealth Development Corporation
Cert. FA	Professional Certificate
CGA	Certified General Accountant
CIBC FCIB	CIBC Caribbean
CISM	Certified Information Security Manager
CPA	Certified Public Accountant
CSA	Civil Service Association
CTC	Castries Town Council
CYEN	Caribbean Youth Environment Network
DCEM	Doctor of Chinese Energetic Medicine
DG	Diesel Generator
DSO	Days Sales Outstanding
EC	Eastern Caribbean
ECCB	Eastern Caribbean Central Bank
ECSE	Eastern Caribbean Securities Exchange
ECUPS	Eastern Caribbean Utilities Pension Scheme
EE	Employee Engagement
EHI	ENERGYZE Holdings Inc.
EPS	Earnings Per Share
ESG	Environmental Social and Governance
ESSA	Electricity Services Supply Act
EV	Electric Vehicle
F&CM	Facilities and Construction Management
FCCA	Fellow of the Association of Chartered Certified Accountants
FCI	Fault Current Indicators
GDP	Gross Domestic Product
GEF	Global Environment Facility
GOSL	Government of Saint Lucia
H.E.	Her Excellency
HR	Human Resources
Hz	Hertz
IABF	International Academy of Business and Financial Management
ICAEC	Institute of Chartered Accountants of the Eastern Caribbean
IMF	International Monetary Fund
Imp. Gallons	Imperial Gallons

IRRP	Integrated Resource Resilience Plan
kV	Kilovolt
kWh	Kilowatt Hour
LAC	Latin America and Caribbean
LEC	Legal Education Certificate
LED	Light-emitting Diode
LL.M	Master of Laws
LLB	Bachelor of Laws
LUCELEC	St. Lucia Electricity Services Limited
Lucian Carnival	Saint Lucia Carnival
M	Million
MBA	Masters of Business Administration
MEng	Master of Engineering
MRP	Major Related Programs
MSc	Masters of Sciences
MW	Megawatt
Mwa Éwitaj Kwéyòl	Creole Heritage Month
NEP	National Energy Policy
NIC	National Insurance Corporation
NRDF	National Research and Development Foundation
NURC	National Utilities Regulatory Commission
NWU	National Workers Union
PAT	Profit After Tax
PGDip	Postgraduate Diploma
Ph. D	Doctor of Philosophy
PMP	Project Management Professional
PV	Photovoltaic
RE	Renewable Energy
REDLAC	Latin American and Caribbean Network of Environmental Funds
ROE	Return on Equity
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SBP	Strategic Business Plan
SCADA	Supervisory Control and Data Acquisition
SDG	Sustainable Development Goals

SPISE	Student Programme for Innovation in Science and Engineering
SSA	Security Sharing Agreements
STEAM	Science Technology Engineering Arts and Mathematics
T&D	Transmission & Distribution
UN SDG	United Nations Sustainable Development Goal
UWI	University of the West Indies
V	Voltage
WWWS	Water and Waste Water Solutions of Canada
Youth IRIE	Youth Innovators for Renewable & Inclusive Energy

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