2021 ANNUAL REPORT

Leading the Charge Through Transformation

Corporate Profile

The sole distributor of electricity in Jamaica, Jamaica Public Service Company Limited (JPS), is an integrated electric utility company that generates, transmits and distributes electricity, and purchases power from a number of Independent Power Producers (IPPs).

Marubeni Corporation of Japan and East-West Power (EWP) of South Korea, jointly own majority shares (80%) in JPS, while the Government of Jamaica and a small group of minority shareholders own the remaining shares.

JPS currently owns three power stations, and holds investment in a fourth - South Jamaica Power Company Limited. JPS also owns nine hydroelectric plants and one wind power facility.

The JPS team of 1300 employees serves over 680,000 customers within four main categories: Residential, Small Commercial, Large Commercial, and Industrial. With a strong safety and environmental focus, the Group pursues a strategy of fuel diversification for clean energy production, and boasts a vibrant corporate social responsibility portfolio, with a focus on education and youth development.

The Office of Utilities Regulation (OUR) is the independent regulatory agency with responsibility for the electricity sector.

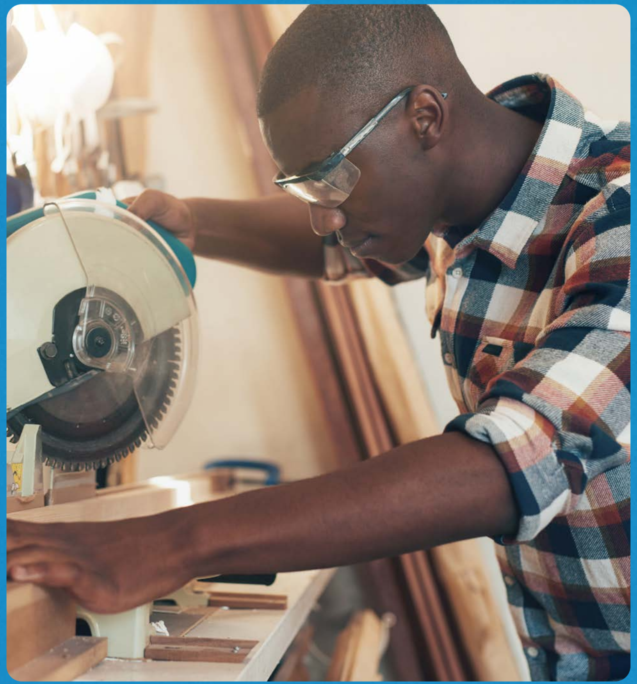
Embracing Brand Jamaica: *Michel Gantois, JPS President & CEO is introduced to the range of Morgan's Creek's self-care products by owner, Joni-Dale Morgan*

Vision

We are the people leading the energy revolution, unleashing Jamaica's growth and prosperity.

Mission

Through inspired and committed employees, and innovative technologies, we deliver an energy solution to empower every Jamaican, fuel the growth of businesses, and support national development.

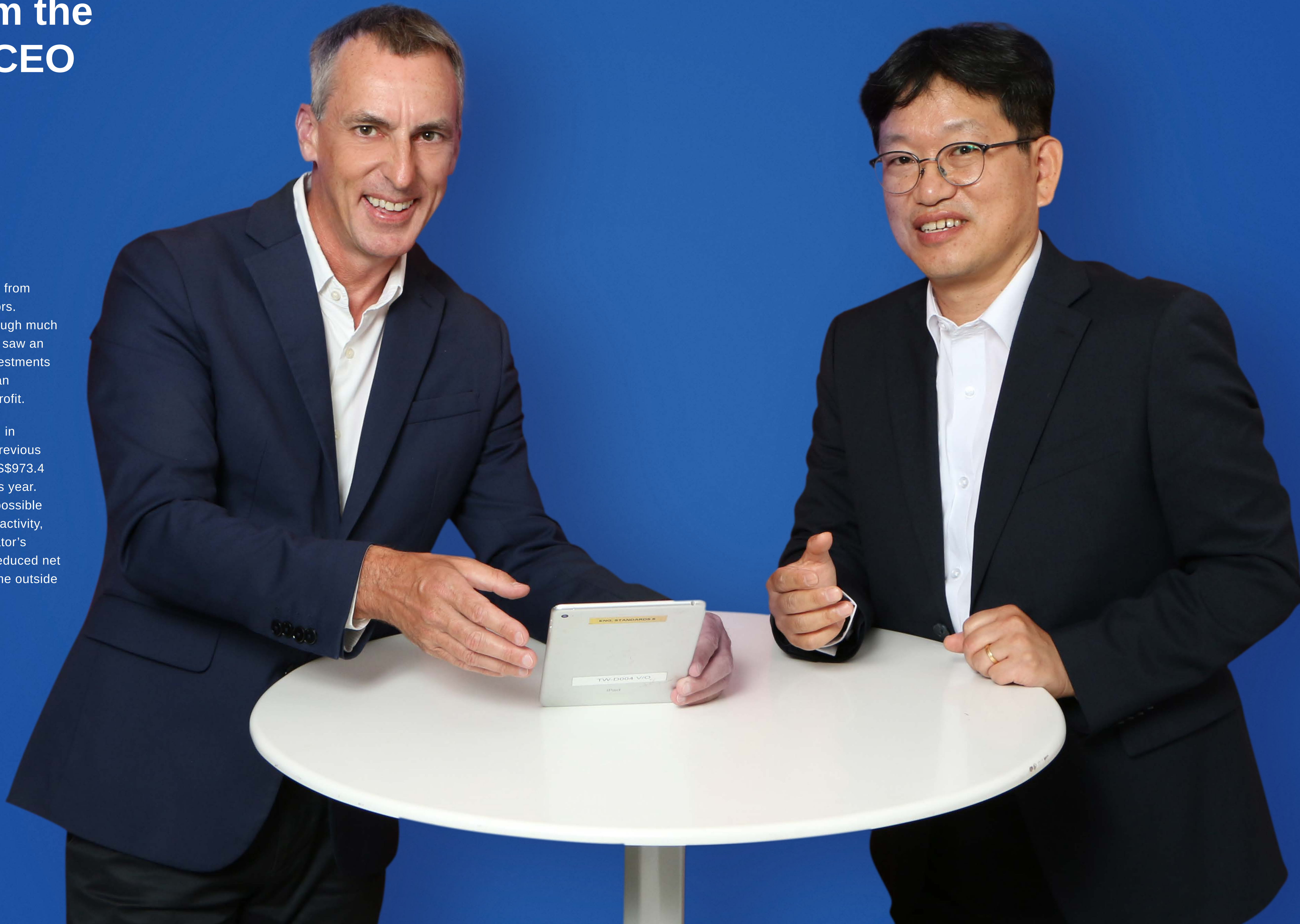


Core Values

- Accountability
- Safety
- Passion
- Integrity
- Respect
- Excellence

Contents

Message from the Chairman & CEO



Road to Recovery

In 2021, the world began a slow recovery from Covid-19. Businesses reopened their doors. Electricity usage inched up slowly – although much lower than pre-pandemic levels. Jamaica saw an improvement in business confidence, investments and consumer spending – and JPS saw an increase in operating revenues and net profit.

We recorded net profit of US$42.1 million in 2021, compared to US$31.1 million the previous year. Overall operating revenues were US$973.4 million, a 9.5% increase over the previous year. This positive financial performance was possible because of an improvement in economic activity, an increase in tariffs following the Regulator's review of our five-year rate application, reduced net finance costs and the generation of income outside of our core activities.

Left: President & CEO
Michel Gantois
Right: Chairman of the Board
Yong Hyun Kim

There were, however, roadblocks and hurdles along the way. The legacy of the pandemic made it more expensive to produce electricity. Global supply chain disruptions and increases in fuel and other commodity prices sent up the cost of electricity. We suffered significant foreign currency losses of approximately US$5.8 million over the year as a result of the volatility in the US$:J$ foreign exchange rate. Because most of our cash outflows are in US Dollars and most of our cash inflows are Jamaican Dollars, we were forced to seek US Dollars on the open market - at times, at very expensive rates - to satisfy our US Dollar obligations.

Despite the challenges, we continued our investments to improve service to our customers. We invested approximately US$67.7 million in capital projects across all areas of our operations – from power generation, transmission and distribution, to innovation and technology and customer service.

Transformation in Progress

2021 was a pivotal year for JPS. On one hand, we dealt with the immediate operational issues. On the other, we advanced our Transformation journey. We changed business processes and stepped into uncharted territory as we continued our evolution to become a modern, agile and profitable energy company. Our goals: greater efficiency, operational excellence, and outstanding service to our customers.

We delivered positive operational results in several areas because of transformation projects and an emerging transformation mindset. We resolved to and ultimately gave customers more choice and control – with the MyJPS Mobile App, prepaid service, and improved online service. We resolved to and ultimately delivered more reliable power supply – with new technology on the grid and in the hands of our technicians, improving productivity and responsiveness. We resolved to and ultimately contained losses and improved collections – with new approaches to electricity theft and bad debt collection, and more communication with customers to help them avoid the pain of disconnection.

We kept operating expenses down and passed through the efficiency gains to our customers, while being careful not to compromise service quality. At the end of the year, our customers gave us a 60.7% satisfaction rating. Not great, but a good foundation to build on.

Delivering Results

Our unwavering focus on the execution of key improvement projects delivered encouraging results.

We took our cue from customers who chose digital platforms over face-to-face interactions and closed seven of our twelve commercial offices during the year. There was an increase in customer utilization of our digital channels and by the end of 2021, more than 40% of our customers had registered on the MyJPS Mobile App. We now have over 312,000 registered App users, less than eighteen months after its launch.

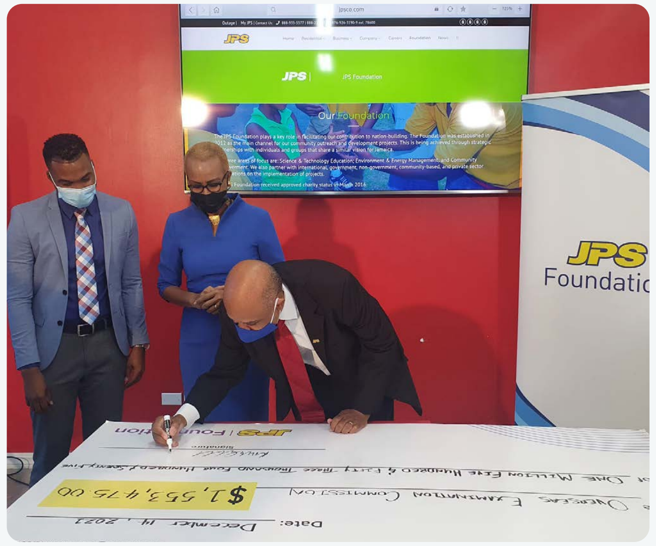
From one end of the island to the other; from rural districts to town centres, from seaside to mountainside, the MyJPS Mobile App wave continues to sweep the island. Our customers are enjoying and sharing the benefits of checking and paying bills, making and tracking reports, as well as setting budgets and tracking their usage. Many are using the real time data from the App to better conserve energy, saving their wallets – and the planet.

The in-office experience of our customers got better. In 2021, there was a 50% reduction in wait time compared to the previous year.

There were also improvements in grid stability and reliability. Customers enjoyed more consistent power, as we upgraded transformers, poles and other related hardware equipment to current industry standards, and intensified vegetation

JPS COMMISSIONS ITS FIRST CHARGE N GO STATION: *Minister of Science, Energy and Technology, Honourable Daryl Vaz (right) and JPS President & CEO, Michel Gantois, get the hang of using the electric vehicle charger at the Boot Gas Station in Drax Hall, St. Ann.*

PLANTING FOR TOMORROW: *JPS Foundation Programmes Officer, Allaine Harvey (centre), with students of the Green Pond Primary School planting trees as part of the Foundation's Tree Planting Initiative.*



EXAM FEES PAID: *Honourable Fayval Williams, Minister of Education and Youth, and Tanjay Williams (left), Examination Coordinator, Overseas Examinations Commission, look on as Ramsay McDonald, Deputy Chair of the JPS Foundation, signs the cheque representing the over $1.5M contributed by the JPS Foundation to cover exam fees of students sitting the Caribbean Secondary Education Certificate (CSEC) Industrial Technology (Electrical) Exams in 2022.*

control activities. There was a 10% reduction in forced outages - compared to 2020 - as a result of better control of vegetation and the installation of new technology on the distribution network.

Overall, we recorded our best reliability performance in five years, both in terms of the frequency and duration of outages. The average number of times customers experienced outages was 6.5, compared to 7.9 in 2020. The average duration of outages was 20.3 hours, compared to 23.2 hours in 2020 – still much too long, but quite an improvement over the 28.4 hours recorded five years ago, in 2017.

Our teams valiantly battled three tropical storms in 2021. Tropical Storms Elsa, Grace and Ida wreaked varying levels of havoc on the transmission and distribution networks. On each occasion, undaunted by the extent of the damage or challenging terrain, our restoration teams worked with one goal in mind: get power back to our customers' houses and businesses – fast! They worked night and day, with tremendous pride and careful attention to safety to get service back to customers.

The five-year programme to convert 105,000 streetlights to LED was completed in 2021. Customers celebrated the increased security and safety from the new LED lamps. The Government celebrated the improved efficiency of the lights and a projected 16% reduction in their monthly streetlight bills. With the greater efficiency of the LEDs, monthly streetlight energy usage has reduced by 2.5 million kWh. This means savings for the Government and for Jamaica.

Doing the Right Thing

We are pressing ahead with our Appeal against the Office of Utilities Regulation (OUR) on the Rate Determination issued in response to our 2019-2024 Tariff Application. We believe our position is sound, and look forward to an early resolution that will facilitate the ongoing investment needed to maintain reliable service to our customers.

The review of the 2015 Electricity Act started in 2021, and the process gave us an opportunity to make recommendations for its improvement. In our submissions to the Joint Select Committee of Parliament (JSC), we turned the spotlight on the role, rights and responsibilities of JPS as a Single Buyer and generator of last resort. We highlighted the Company's obligation to ensure ongoing grid maintenance and stability, while facilitating investments by other market participants. In this capacity, JPS made capital investments of more than US$800 million in the national electricity infrastructure in the past ten years. We also led the diversification of power generation and facilitated more than 150% growth in renewables on the grid.

In our presentations to the JSC, we strongly recommended that the Electricity Act review not be used to attempt to alter market design, because of the fragile ecosystem of cross-subsidies across and within rate classes. We urged lawmakers to pursue an orderly and structured process guided by consultations, with careful consideration of international experience and detailed studies.

Fighting Theft

The monster of electricity theft remains untamed. We continued our fight with an arsenal of social and technical initiatives.

Our Community Renewal Programme took a new and radical approach to regularizing new customers in vulnerable communities. We introduced a range of social programmes to help persons make the transition from non-paying consumers to paying customers. Persons who signed up for legal service benefited from scholarships for their children, tablets with pre-loaded curricula, discounted data packages and special zero-rated learning tools to assist with online learning. We provided health insurance for the most vulnerable – children and the elderly. We gave cash prizes and other rewards to persons who became legitimate customers and remained consistent with monthly top-ups for prepaid service. The results were modest but encouraging. Between

__SHE'S IN CHARGE:__ (l-r) Dionne Nugent, JPS Business Development Director; Eleanor B. Jones, Chairman & CEO of Environmental Solutions, and Jacqueline Stewart Lechler; Director at Stewart's Auto Sales Ltd, enjoy a light moment at the She's in Charge Electric Mobility Forum held in October 2021.

__A PROUD MOMENT: JPS__ Team members at the entrance to the 10MW Combined Heat and Power (CHP) Plant at Hill Run, St. Catherine. The plant is a collaboration between JPS and the Caribbean Broilers (CB) Group. It will provide 'exhaust' heat/steam to CB for its operations, and electricity for national the grid.

__ELECTRIC MOBILITY IS HERE:__ Michel Gantois, JPS President & CEO, talks about the future of energy with JPS Foundation summer interns: (l-r) Ajay Richards, Britany Forsythe, Joel Richards, Kimani O'Sullivan and Malik McTavish.

Timara Taylor,
Technician Engineer
at the Hunts Bay
Power Station

July and December, a total of 1,895 persons registered for legal service because of the new social initiatives.

On the technical side, we installed new infrastructure in several communities to get more persons on the grid legally. New Residential Automated Metering Infrastructure [RAMI] was installed in six communities across the island. We also implemented a Transformer Protection Programme which helped to protect the company's equipment against repeated damage from unpredictable surges in consumption.

Our efforts were frustrated on many sides. We ended the year with 20% of electricity generated being stolen, about the same level as the year before.

In late 2021, the OUR suspended our Transformer Protection Programme. The regulator's Cease and Desist Order leaves our equipment vulnerable to destruction. The Government's introduction of a new unregulated system for electrical inspection and certification at the end of 2021 has made it much more expensive for potential customers to get their houses ready for legal electricity supply. Many continue to steal as a result.

We've called on the Government to regulate the fees charged by electricians and inspectors. We are sharing information to help consumers negotiate the best prices with electricians and inspectors. We have also started a training programme to augment the cadre of qualified electricians in the market.

We will continue to do what's in our control, but this is not a battle for JPS alone. The bottom line: theft of electricity is a crime that requires a national plan led by the Government. JPS stands ready to support a multi-stakeholder plan with Government and private sector.

SYSTEM MAINTENANCE: *Members of the Manchester Operations team installing cross arms during routine maintenance work.*

Stepping Up

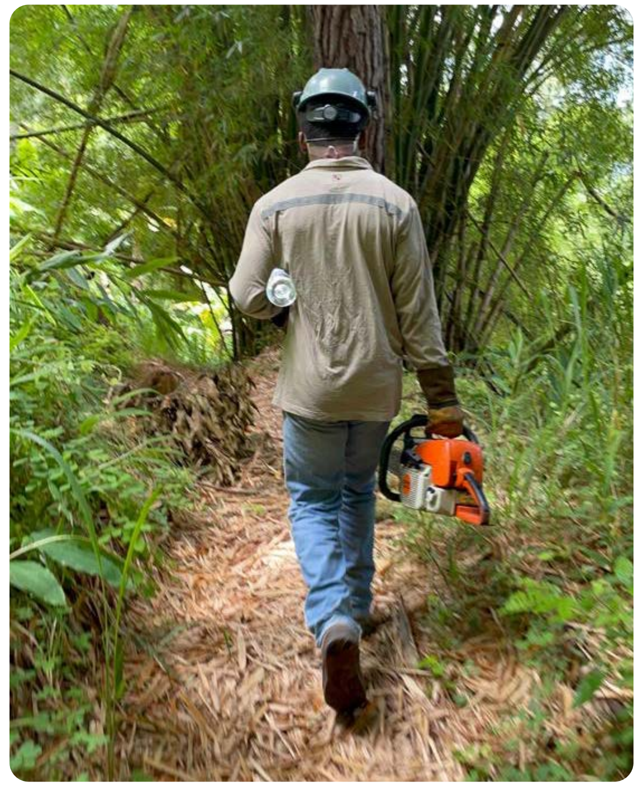
There are dramatic changes in the energy landscape globally and JPS is helping to define the direction of energy locally. We are a key player in the expansion of the electric mobility sector, which has the potential to unlock significant economic opportunities and deliver multiple environmental benefits. Electric mobility also has the potential to boost growth in the demand for electricity and help drive down the cost for everyone.

We are putting in charging infrastructure, creating partnerships, and setting the stage for more persons to benefit from the anticipated growth in electric mobility. In 2021 JPS signed an agreement with a third service station operator – multinational company, GB Energy Texaco – for the installation of electric vehicle charging stations. By the end of the year, we had commissioned five charging stations in partnership with service station operators Total and Boot.

JPS continues to explore non-core business opportunities. One of our strategic initiatives is to generate income through the utilisation of the wealth of experience and industry knowledge across the organization and our subsidiaries. Through our subsidiary company, Caribbean Blue Skies Energy Limited (CBSE), we provide operation and maintenance services to other entities in the energy industry. From this effort, CBSE was able to contribute approximately $1.0 million in Net Profit after tax in 2021.

The Company successfully commissioned our first Combined Heat and Power (CHP) generating plant, through an innovative collaboration with agricultural processing enterprise, CB Group. JPS was selected by CB Group to build the 10MW power plant as part of their expansion. The CHP facility will supply energy to the national grid, as well as provide CB Group with thermal energy for their processing operations. JPS will provide operating and maintenance services for the plant.

Members of our Customer Services Team (L-R) Athena Byfield and Heather Lawrence teaching one of the vendors at the Social Development Commission's (SDC) Community Fair in Ironshore, Montego Bay, St. James how to use the MyJPS Mobile App.



Travis Myeres, General Labourer with KSA Operations, making his way to carry out work as part of Integrated Vegetation Management.

We are pushing even further with our non-core initiatives. We are embracing more distributed generation partnerships. We are exploring Renewables and Waste-to-Energy. Outside of power generation, we are preparing to operationalize Advertising on Bills and Data Monetization.

Building for Tomorrow

In 2021, we continued our philanthropic and corporate social responsibility initiatives through the JPS Foundation - focusing mainly on Education and the Environment. JPS provided funding for the Foundation, and our dedicated employees participated in the execution of several projects in their capacity as Volunteers On Location To Serve (VOLTS).

The Foundation maintained its track record of investment in youth and education, with an Examination Fee Grant for just over 400 students studying science and technology in high schools. We continued to engage students through our network of Energy Clubs in schools. Additionally, the Foundation hosted a Youth Forum, at which over 290 secondary and tertiary students explored the wide range of careers in Engineering and related fields.

As part of the electric mobility partnership with the Inter-American Development Bank (IDB) Lab, the Foundation hosted five interns from local universities. They provided support for the implementation of the IDB Lab project Building a Sustainable Electric Mobility Ecosystem for Inclusion and Access, for which the Foundation is the executing agency.

We remain committed to environmental sustainability. On National Tree Planting Day, the Foundation partnered with the Forestry Department and several other agencies to plant 150 trees as part of our contribution to the Government's Tree Planting initiative.

Rumbles from Afar

As we write this message in early 2022, the invasion of Ukraine by Russia is in full swing. Even though it's thousands of miles away, this war has immediate and drastic consequences for the price of fuel and other commodities and will likely impact the cost of electricity for our customers. This is as disturbing to us as it is to you. We promise to manage what's in our control, to contain our costs and to do everything we can to serve you as best as possible in the months ahead.

Michel Gantois
President & CEO

Yong Hyun Kim
Chairman

Governance Structure Board of Directors

Articles 85 and 86 of the Company's Articles of Incorporation mandate that the Board be comprised of a minimum of three (3) members and a maximum of nine (9), three (3) of whom are to be nominated by EWP (Barbados) 1, SRL; three (3) by MaruEnergy (JPSCo) I, SRL, and three (3) by the Government of Jamaica acting through its appointed shareholders on record for the Company. Having regard to the Company's stakeholder composition, the Company's Board is presently comprised of nine (9) Directors; Chaired by Mr. Yong Hyun Kim, a representative from one of our majority shareholders, EWP (Barbados) 1, SRL. Despite the rights of nomination enshrined within the Company's Articles of Incorporation, the Company remains true to its commitment to high performance through diversity: diversity in age, gender and a composition of suitable and varying expertise, experience, and exposure which also captures the interests of key stakeholders. This level of diversity positions the Company to identify and satisfy the needs of its customers and shareholders, while leveraging the benefit of international experience in a technologically evolving industry. The expertise of the Directors range from engineering to finance and audit, strategic management, banking and risk management. This facilitates decision-making following consideration of relevant information and robust discussion.

Additionally, in keeping with the Company's Corporate Governance Guidelines, as at December 31, 2021, five (5) of the nine (9) Directors are Independent Directors. There are no Executive Directors on the Board of the Company. An "Independent Director" is defined within the Company's Corporate Governance Guidelines as a Director who: (a) has not been employed to the Company within the last five (5) years; (b) has not had any material business relationship with the Company (outside of being a customer of the Company) either directly, or as a partner, or as a significant shareholder, director or officer of a body that has had such a relationship with the Company within the last five (5) years; (c) is not affiliated with any non-profit organisation that receives significant funding from the Company; (d) is not employed as senior management of another company where any of the Company's Directors or senior management serve on that company's board; (e) has not received additional remuneration from the Company apart from the Board or Board Committee related fees. Independent Directors who experience any changes in circumstances that could affect their status as an Independent Director are obligated to disclose such change in writing to the Chairman of the Company's Board.

MEMBERS OF THE BOARD OF DIRECTORS AS AT DECEMBER 31, 2021

Name Of Directors	Status	No. Of Board Meetings Held	No. Of Board Meetings Attended
Yong Hyun Kim (Chairman)	NI	10	2
Mohammed Majeed	NI	10	10
Shogo Otani	NI	10	10
Minna Israel	I	10	10
Hon. Charles Johnston, C.D.	I	10	10
Emanuel DaRosa	NI	10	10
Nadani Chung	I	10	10
Hon. Danville Walker, O.J., J.P.	I	10	10
Dennis Morgan	I	10	10

Directors who resigned from the Board

Prior December 31, 2021

Name Of Directors	Status	No. Of Board Meetings Held	No. Of Board Meetings Attended
Bok Hoa Jeong (Chairman)	NI	10	8
Seiji Kawamura	NI	10	-
Dong Uk Kim	NI	10	-

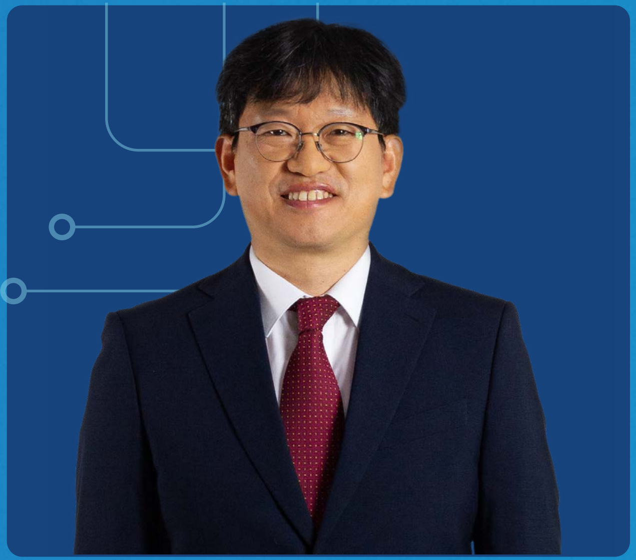
Non-independent (NI)* | Independent (I)**

Each meeting of the Directors during the reporting period was attended by 100% of Directors appearing in person or through his alternate in keeping with the provisions of the Company's Articles of Incorporation.

Article 85 of the Company's Articles of Incorporation stipulates that each Director shall be appointed for a term of three (3) years. As such, having regard to the date of appointment, Director Charles Johnston, C.D., shall automatically retire from the Board. However, as he is eligible for re-appointment, given his skillset and years of experience in the industry, on the recommendation of the Board of Directors and in keeping with the provisions of the Company's Articles of Incorporation, Director Johnston, C.D. has been offered for re-election at the annual general meeting of the Company.

In accordance with Article 101 of the Company's Articles of Incorporation, Directors who are not employed to either EWP (Barbados) 1, SRL or MaruEnergy (JPSCO) I, SRL, receive a fixed amount equivalent to US$1,000 for attendance at each Board or Committee meeting, and any other meeting requiring a director's attendance.

Current Board Profile



YONG HYUN KIM

Appointed Director and Chairman of the Board of Directors, effective October 1, 2021, Mr. Kim brings to the Company over 20 years of experience in the electricity industry. Having his start as an associate at the Korea Electric Power Company (KEPCO), Mr. Kim brings a unique professional mix to the Company with experience in many areas of the electricity industry including finance, strategy and planning, performance management, and domestic and overseas business. As a former Board Member of the Company, Mr. Kim is no stranger to the Jamaican experience and landscape and has coordinated several international projects including the establishment of the 190MW Old Harbour Combined Cycle Gas Power Plant in Jamaica. He is presently Managing Director in the Global Business Division at the Korea East-West Power Company (EWP). He also set up the long-term and short-term strategies for EWP's overseas businesses, dealing with potential risks and facilitating partnerships.

Chairman Kim is also presently a member of the Boards of EWP Barbados SRL, Guam Ukudu Power LLC and Chairs that EWP America Inc.

NADANI CHUNG

A Finance Professional and Business Consultant with a rich blend of financial, operations, strategic management and leadership talents gained from over 27 years of executive management experience in retail, trading and hospitality organizations. She is currently Vice President of Finance for Sagicor Group Jamaica Limited.

Director Chung holds a Bachelor of Science in Economics & Accounting from the University of the West Indies and an MBA from Nova South Eastern University. She is also a member of the Certified Corporate Financial Planning & Analysis body, and a part-time Lecturer at CPA Tutors & Consultants.

Director Chung is also an independent director of Professional Football Jamaica Limited.

DENNIS MORGAN

Throughout his career, Director Morgan has held executive and leadership positions including CEO of Protection and Security Limited, and Executive VP and Group Investment Controller of Jamaica Mutual Life Insurance Company Limited. He has also served on the Jamalco Board and was Chairman of the Operating Committee.

He has served on several public and private sector boards including National Commercial Bank Jamaica Limited, Petrojam Limited and National Solid Waste Management Authority.

He holds a Masters in Business Administration in Finance and a Bachelor of Science in Economics.

Director Morgan is presently the Chair of the Port Security Corp.

HON. CHARLES JOHNSTON, C.D.

Director Johnston holds a Bachelor of Science in Economics from the University of Pennsylvania, Wharton School of Finance & Commerce and was conferred a Doctor of Science degree in International Shipping honoris causa from the Caribbean Maritime Institute.

Director Johnston has been involved in the development of the Jamaican business sector for over 35 years, and now serves on several public and private sector boards namely: Customs Advisory Board, German Ship Repair Jamaica Limited, Kingston Port Workers Superannuation Fund (Trustee), Kingston Logistics Centre Limited, Kingston Wharves Limited, Shipping Association of Jamaica Property Limited, Shipping Association of Jamaica, Port Security Management Limited, and holds the position of Chair of several boards: Jamaica Freight & Shipping Company Limited, Jamaica Fruit & Shipping Company Limited, Jamaica Producers Group Limited, Jamaica Producers Shipping Company Limited, Lennox Portland Limited, Marine Management Services Limited, Seaboard Freight & Shipping Limited, and Miami Freight & Shipping Company.

EMANUEL DAROSA

Director DaRosa, a professional engineer, has 29 years of experience in the electrical energy sector, working in the areas of generation, transmission and distribution. Director DaRosa was previously President & CEO of the JPS from 2017 to 2020. Director DaRosa also served as the CEO of the Northwest Territories Power Corporation (NTPC), in Canada for six years. He has led several organizations to achieve top quartile performance by adopting best in class practices and processes, ultimately achieving employee, operational and customer service excellence. Director DaRosa has also served in the role of Deputy Minister in support of Ministers and the Premier of the Northwest Territories providing advice on policy issues. He is presently Vice President of EWP Barbados, responsible for business development in North and South America. Director DaRosa is the Chairman of the Company's Operations Committee and a member of the Company's Audit Committee.

Director DaRosa is also a member of the Board of South Jamaica Power Company Limited.

MOHAMED MAJEED

A veteran of the United States Air Force, and has over 30 years of experience and multi-dimensional expertise in the United States and international energy sectors. His career as a leader began in the electric utility company in Washington DC.

He is an alumnus of the University of Maryland, with a BSc. in Engineering and an MSc. in Engineering Management.

He has worked with the Company in various shareholder capacities since its privatization in 2001. Director Majeed currently holds the positions of Chief Operating Officer (COO) of Marubeni Power International, and Managing Director of their Caribbean Operations. He is also the current serving Chairman of the Board of South Jamaica Power Company (SJPC), Power Generation of Trinidad and Tobago, and PIC Global Energy Services, Georgia. He is also a member of the Board of Managers of CPV St. Charles Energy Center, Maryland and West Depford Energy, New Jersey.

SHOGO OTANI

Brings to the Company over 15 years of power industry knowledge and experience developed during years of service in Marubeni Corporation. Prior to his appointment at JPS, Shogo Otani served as Managing Director at PIC Asia Pacific Sdn.Bhd, which is one of Marubeni's subsidiaries in Kuala Lumpur, Malaysia. He managed the company by providing O&M services for various power plants across the countries in Southeast Asia. Earlier in his career, Mr. Otani worked with EPC business for Gas Combined Cycle, Geothermal and Coal Fired Power Plants. He holds a Master's degree in Architecture and Building Science from Tohoku University in Japan.

Director Otani is also a member of the Boards of South Jamaica Power Company Limited and South Jamaica Energy Holdings Limited.

MINNA ISRAEL

A former banker with over 30 years of corporate, commercial and retail banking experience; she is special Advisor to the Vice Chancellor of the University of the West Indies on Resource Development, with a focus on philanthropy. Minna is the recipient of a number of local, regional and international awards, including the UWI Honorary Doctor of Laws degree, which was conferred on her in November, 2011.

Director Israel holds an MBA from the Richard Ivey School of Business at the Western University, Ontario, Canada; a Bachelor of Science Degree in Management Studies from the University of the West Indies; and a Diploma in Business Administration specializing in Banking from the University of Technology. Minna also completed the Executive Program at University of Michigan Business School. Director Israel is a past President of the Jamaica Bankers' Association, having served from 2009 to 2011. She was the first female to be elected president of the association.

Director Israel is presently a member of the boards of First Global Bank Jamaica Ltd, Cari-Med Group Ltd and subsidiary Kirk Distributors Ltd, RJR Gleaner Communications Group, Stanley Motta Limited, and a member of the Rating Committee of CariCRIS and the Judicial Service Commission.

HON. DANVILLE WALKER, O.J., J.P.

Director Walker holds a Masters in Business Administration, Bachelor of Business Administration and is a Certified Public Accountant. He presently and has held several leadership positions, including National Project Director in the Ministry of Economic Growth and Job Creation; Group Managing Director at ATL Industrial Group; and Commissioner of Customs at the Jamaica Customs Department.

Director Walker is presently the Chair of the Trade Board and Project Monitoring Committee of the Caymanas Track Limited.

Alternate Directors

YU NUMASAWA

DONG UK KIM

KEISUKE HARADA

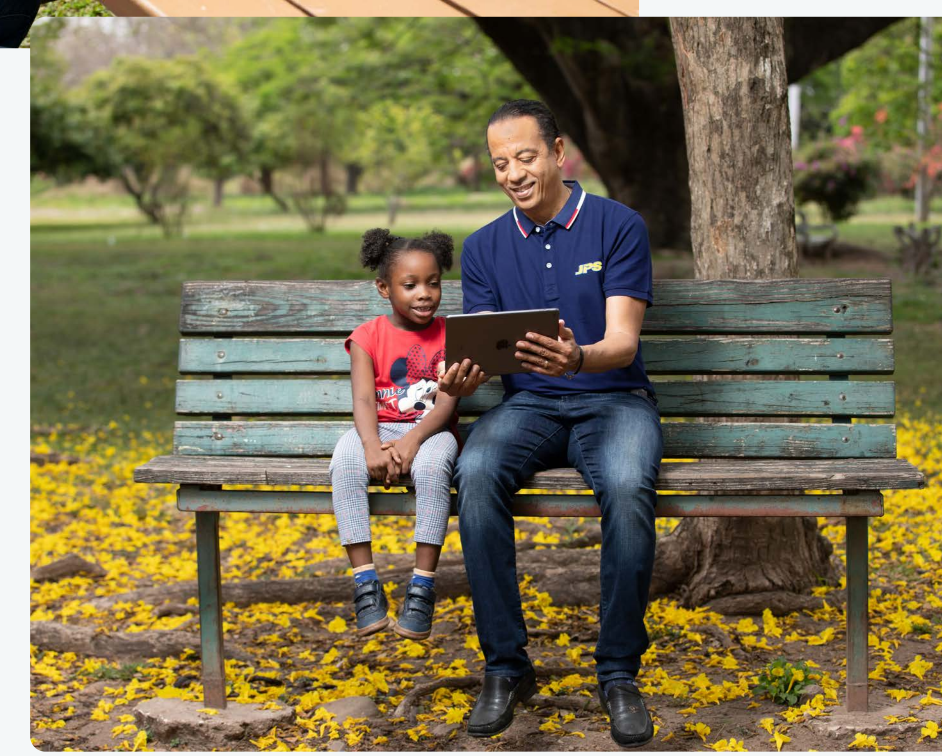
HYUNG CHAE YANG

Executive Leadership Team

A laugh can be so electric, *especially when shared. Michel Gantois, JPS President & CEO, with Liam Woodstock*

Making the Connection: *Charmaine Heslop-DaCosta, Senior VP – People Operations, explores the world of energy with Gianna and John-Luke Ashman.*

Rule of Law: *Melanie Gilchrist, Senior VP Legal, General Counsel and Corporate Secretary, shares the principles of corporate governance with Amanda-Jaden Williams.*



Limitless Possibilities: *Gary Barrow, Chief Operating Officer, takes a peek into the digital future with Gianna Ashman*

Fun time with the MyJPS Mobile App! *Ramsay McDonald, Senior VP - Customer Services, shares the multiple features of the App with Jaeda McDonald and Cristiano Chambers.*

Tech Talk: *Joseph Williams, Senior VP – Generation, and Zaid de Mercado check out the features of the drone before putting it to work.*

Planting Together: *Blaine Jarrett, Senior VP - Energy Delivery and Adam McIntosh show the power of partnership.*

Family Affair: *Vernon Douglas, Chief Financial Officer, with his daughter, Zaina*

Management Discussion & Analyses

Results of Operations

The Group was able to improve its overall performance for the year as the Jamaican economy commenced its recovery from the effects of Covid-19 and the consequent decline in economic activity in the previous year. The positive signs of recovery were however tempered by other challenges caused by the after-effects of the pandemic, including shocks in the market price of fuel and gas and significant disruptions in the global supply chain.

During the year, operating revenues for the Group was US$973.4 million, which represented a 9.5% increase over the previous year. Core revenues related to the provision of electricity was increased by US$24.0 million as a result of the improvement in overall economic activity commenced, with increased consumption by commercial and industrial customers as compared to the prior year. Additionally, the Group was able to benefit from adjusted tariffs as a result of the completion of its 5-year Rate Review application.

Cost of Sales for the year was US$595.9 million or 13.5% above the prior year, primarily as a result of increased fuel and gas costs. During the year, as a result of disruptions in the logistics industry and the shocks in availability of oil and gas, global commodity prices experienced an increase which increased fuel cost by US$66.4 million over the previous year to US$ 472.4 million. Additionally, overall fuel cost was impacted by the disruptions locally in the supply of natural gas as well as additional government charges for certain fuel types during the year.

There was a 3.3% increase in Operating expenses from US$233.8 million in the previous year to US$ 241.6 million. This was primarily as a result of increased depreciation charges of US$4.0 million, due to the completion of certain key projects during the year, and inflationary pressures on the cost of other operational and maintenance activities. These increases were however offset by a US$8.3 million reduction in impairment losses suffered on trade receivables, reflecting the improved collection experience as a result of the improved economic activity during the year.

The Group also benefitted from reduced net finance costs of US$7.9 million due to the continued servicing of existing loan and lease liabilities and reduced foreign currency losses suffered during the year.

During the year, the share of the results of associated company, South Jamaica Power Company Limited, were reduced by 70% contributing approximately US$2.4 million as compared to US$ 8.2 million in the previous year.

These factors resulted in the Group earning US$42.1 million in net profit after tax as compared to US$31.1 million earned in 2020.

Cash Flow

During the year, the Group continued its cash management initiatives implemented from the previous period with keen monitoring of its working capital balances and strict control employed on its expenditure. These initiatives however were challenged by inflationary impact on its expenses and the severe issues suffered in the global supply chain, which impacted the availability of key operational inputs, which resulted in a curtailment of the Group's overall capital investment program.

Even under the difficult circumstances mentioned above, the Group was able to generate US$218.5 million (2020 – US$195.0 million) of net cash from operating activities and further reduced its cash used in investing activities to $66.8 million as compared to US$74.9 million in the prior year. The Group continued its servicing of existing loan and lease obligations with no new funding sought during the financial year, which resulted in an increase in net cash used in financing activities from US$100.8 million to US$163.3 million. This has resulted in an decrease in cash and cash equivalents at the end of the year to US$42.8 million as compared to US$54.4 million in the prior year.

Balance Sheet

The Group's total assets declined by 3.5% to US$1,737 million. This was primarily due to the depreciation in the value of Right of Use Assets and Property, plant and equipment, as well as a decline in the inventory balances as a result of working capital initiatives employed and issues associated with the Group's supply chain for key materials. Total liabilities declined by 7% to US$1,202 million, which was primarily due to the servicing of the Groups lease and other long term liabilities. Due to the performance of the Group, Shareholder's equity grew by 5.6% to $534.9 million, which allowed for the declaration of a dividend of US$10 million to our ordinary shareholders.

Risk Management

JPS has a risk management framework to monitor, evaluate and manage the principal risks assumed in conducting its activities, which include credit, liquidity, market and operational risks. Risk is managed through a framework of principles, organizational structures, and risk measurement and monitoring activities that are aligned to the Company's activities.

The Board of Directors, in managing the business of the Company, oversees the Group's risk management framework. Key management has responsibility for monitoring the Group's risk management policies in their specified areas and report quarterly to the Board of Directors on their activities.

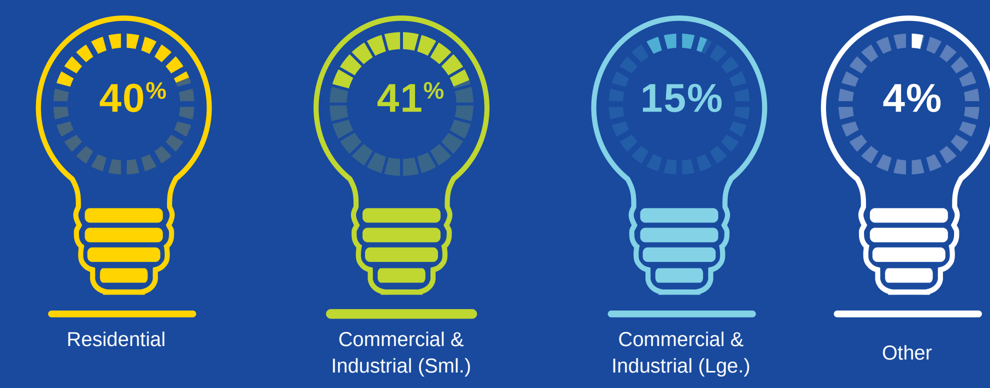
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Group,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

Operational Statistics

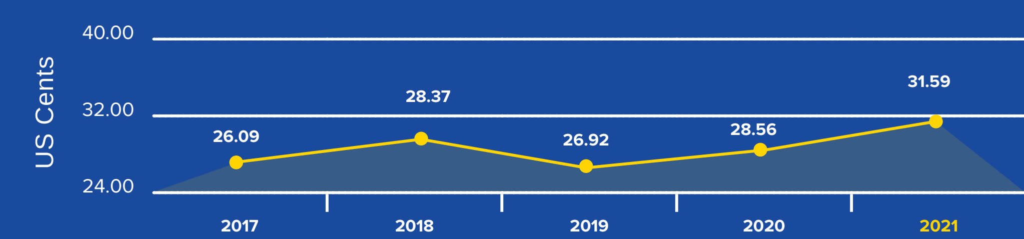
	Dec-31-21	Dec-31-20	Dec-31-19	Dec-31-18	Dec-31-17
OPERATING REVENUES ($000's)					
Residential	385,308	358,467	319,451	338,772	317,205
Commercial & Industrial (Sml.)	398,656	367,183	393,331	393,306	363,187
Commercial & Industrial (Lge.)	149,568	125,950	148,213	154,431	134,104
Other	39,837	37,106	20,158	21,745	22,373
TOTAL	973,369	888,706	881,153	908,254	836,869
AVERAGE NO. OF CUSTOMERS					
Residential	612,168	605,174	594,567	587,592	574,458
Commercial & Industrial (Sml.)	71,065	71,034	70,313	69,750	67,874
Commercial & Industrial (Lge.)	172	173	170	169	162
Other	482	498	482	486	450
TOTAL	683,887	676,879	665,532	657,997	642,944
NET GENERATION AND PURCHASES (MWh)					
Steam & Slow Speed Diesel	225,868	459,696	1,229,418	1,354,599	1,466,690
Hydro	138,431	135,581	155,212	179,153	156,754
Gas Turbines	29,350	60,240	239,150	124,818	91,897
Combined Cycle Plant	753,327	740,009	815,713	901,834	820,466
Purchases	3,156,981	2,831,903	1,990,338	1,795,132	1,827,273
TOTAL	4,303,957	4,227,429	4,429,831	4,355,536	4,363,079
Losses & Unaccounted for (MWh)	1,223,062	1,135,883	1,156,503	1,153,885	1,155,940
Systems losses as a percentage of Net Generation	28.4%	26.9%	26.1%	26.5%	26.5%
Heat Rate JPS Thermal (Kj/kWh)	9,392	10,226	11,317	11,221	11,330
ENERGY SALES (MWH)					
Residential	1,121,815	1,157,455	1,099,666	1,062,732	1,068,594
Commercial & Industrial (Sml.)	1,286,128	1,315,407	1,426,194	1,394,572	1,381,376
Commercial & Industrial (Lge.)	623,601	566,201	688,076	682,132	646,669
Other	49,350	52,483	59,392	62,214	110,500
TOTAL	3,080,894	3,091,546	3,273,328	3,201,650	3,207,139
AVERAGE USE & REVENUE per residential customer					
Annualized kWh Consumption/Customer	1,833	1,913	1,850	1,809	1,860
Annualized Revenues/Customer	629	592	537	577	552
U.S Dollars per kWh	0.34	0.31	0.29	0.32	0.30
Average billing exchange rate for period (J$:US$)	150.77	142.00	134.02	129.30	128.57

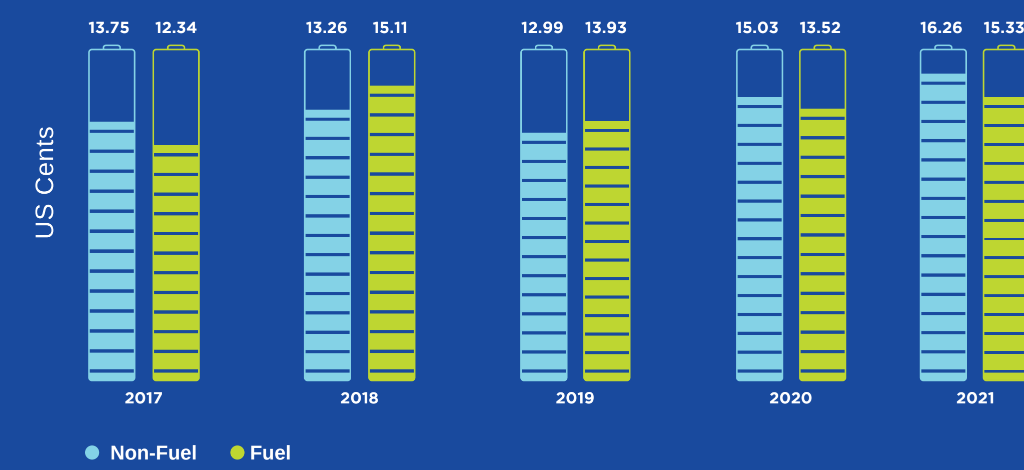
Key Performance Indicators

kWh Sales

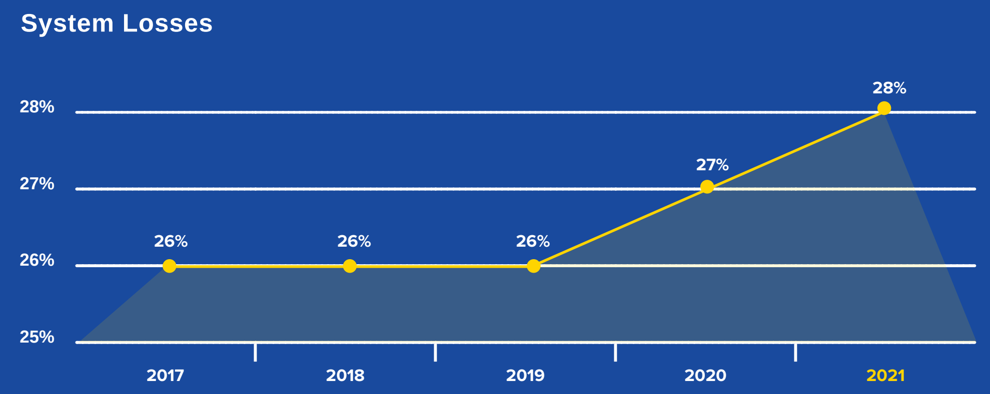


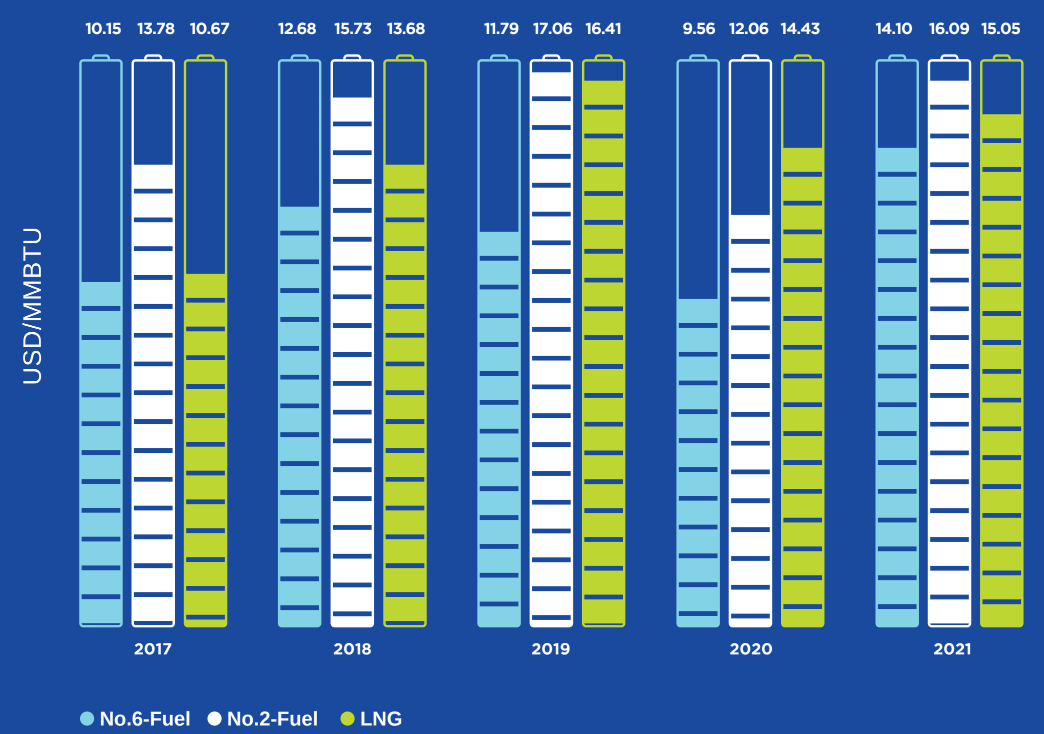
Revenue (US¢/kWh)



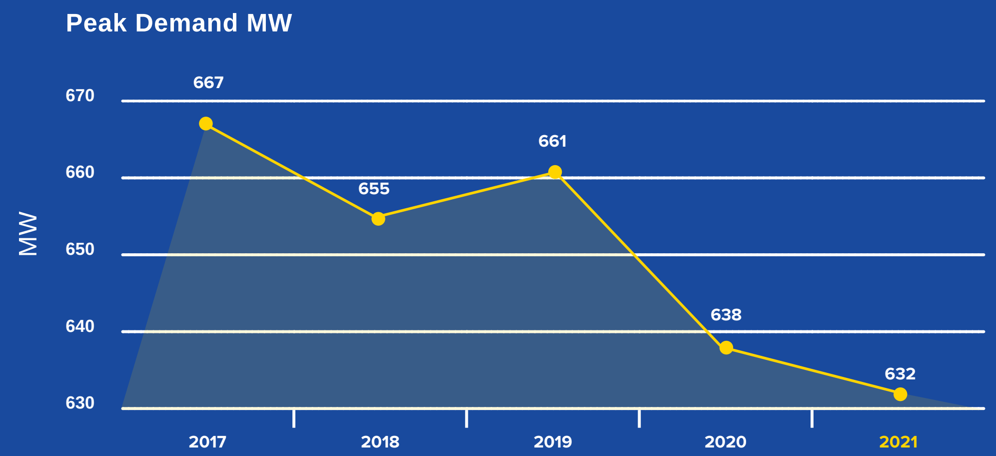


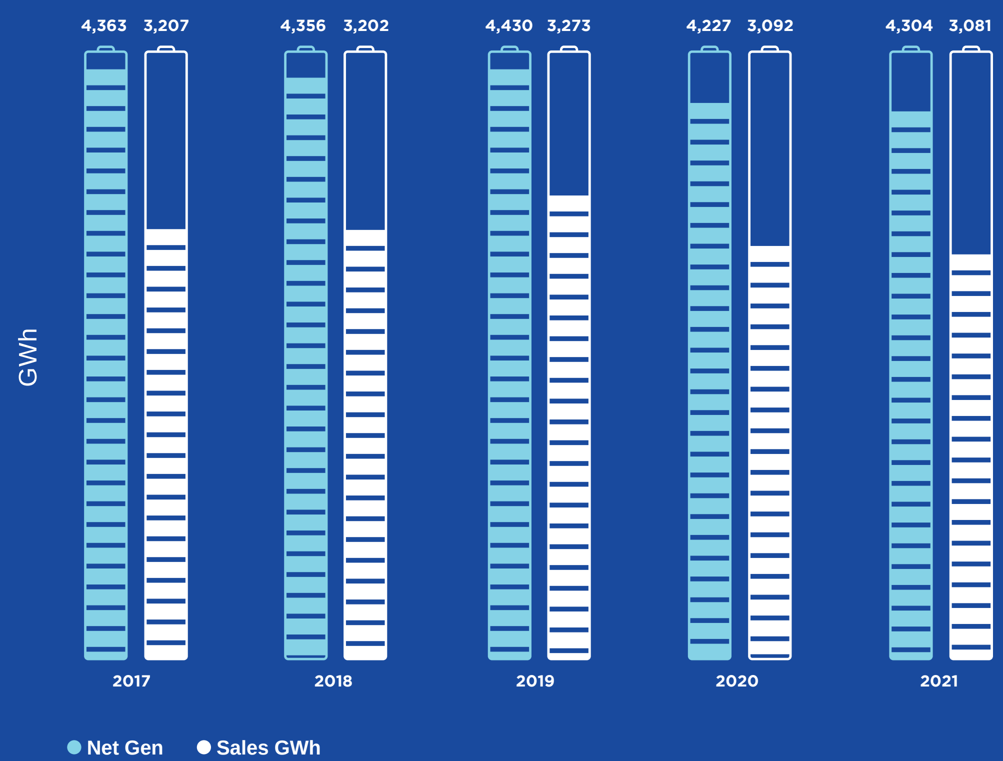
Fuel Price & System Losses





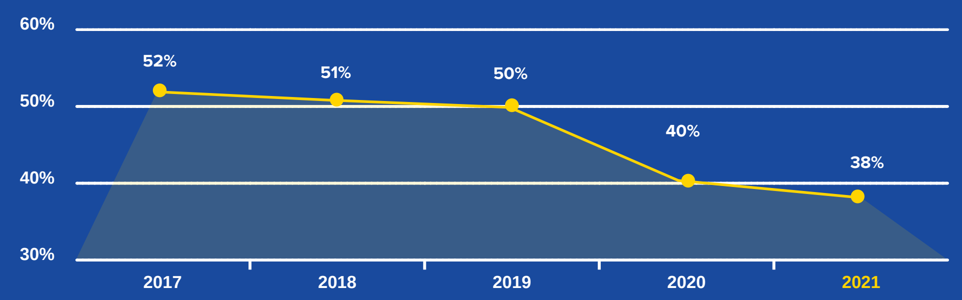
Electricity Demand



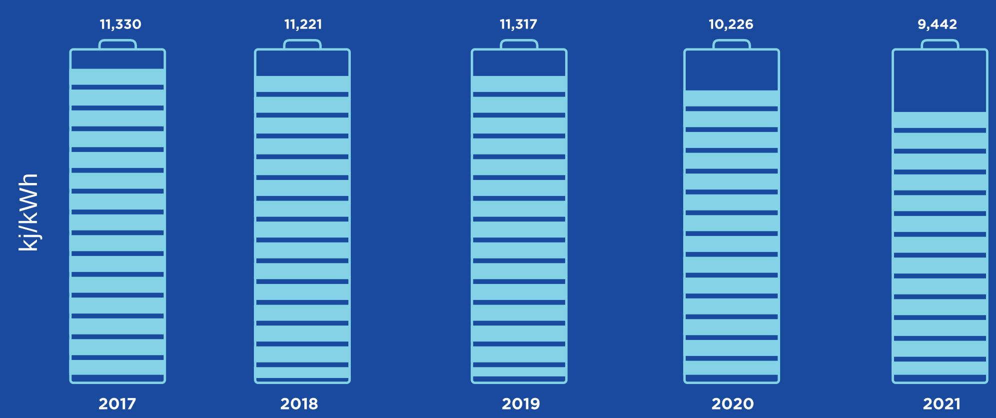


Heat Rate and Capacity Factor

Capacity Factor

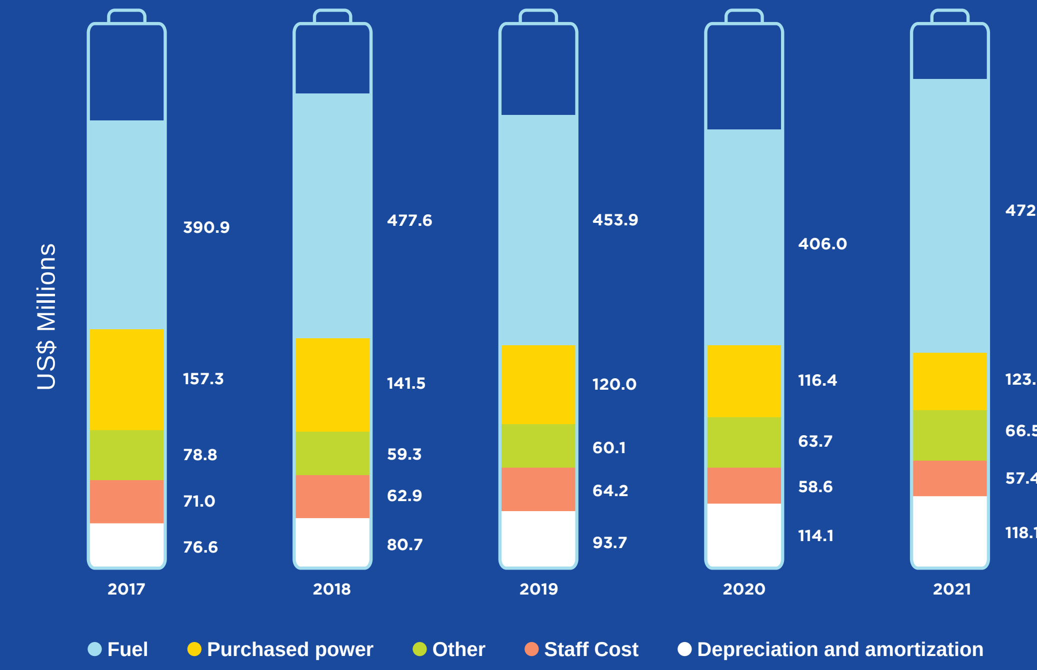


JPS Thermal Kj/ KWh



Availability & Forced Outage Factor

Expenses



Director's Report

The Directors of the Jamaica Public Service Company Limited submit herewith their Annual Report with the Audited Financial Statements for the year ended December 31, 2021:

	The Group		The Company	
	Year ended December 31, 2021 US$'000	Year ended December 31, 2020 US$'000	Year ended December 31, 2021 US$'000	Year ended December 31, 2020 US$'000
OPERATING REVENUES				
Profit before Taxation	51,171	35,657	47,483	26,751
Taxation (expense) / credit	(9,073)	(4,544)	(8,823)	(4,358)
Net Profit attributable to shareholders	42,098	31,113	38,660	22,393
Dividends on Preference Shares:				
- Classes 'B' through 'E'	1.3	1.3	1.3	1.3
- Class 'F'	2,334	2,340	2,334	2,340
Dividends on Ordinary Shares	10,000	10,000	10,000	10,000

Dividends:

The dividends for the year on the preference shares for Classes B-E have been paid in full; dividends for the Class F preference shares have all been paid in full except for the fourth (4th) quarter of 2021; Dividends were declared and paid on the ordinary stocks and shares for the year 2021.

Auditors:

In accordance with Section 154 of the Companies Act, a resolution proposing the appointment of the Auditors and for the Directors to fix the Auditors' remuneration will be put to the Annual General Meeting.

Directors:

In accordance with Articles 62, 86 and 123 of the Company's Articles of Incorporation, Directors Yong Hyun Kim, Emanuel DaRosa, Dong Uk Kim (Alternate Director), Hyung Chae Yang (Alternate Director), and Yu Numasawa (Alternate Director), having been appointed to the Board since the last Annual General Meeting shall cease to hold office and being eligible, offer themselves for election. In addition, in accordance with Articles 117 and 119 of the Company's Articles of Incorporation, Director Charles Johnston, C.D. having been appointed to the Board shall cease to hold office and being eligible, offer himself for re-election.

The Covid-19 pandemic continued to negatively impact the operations of the Company and its overall financial performance. The agility and dedication of Management and staff has not gone unnoticed. The Directors wish to express their appreciation to the Management and staff for their performance during the year under review.

Corporate Data

Registrar
Cumulative Preference Shares and Ordinary Stock & Shares
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston
Jamaica WI

Registered Office
6 Knutsford Boulevard
Kingston 5
Jamaica WI

Auditors
KPMG
6 Duke Street
Kingston
Jamaica WI

Attorneys-at-Law
Livingston Alexander & Levy
Attorneys-at-Law
72 Harbour Street
Kingston

Nunes Scholefield Deleon & Co.
Attorneys-at-Law
6a Holborn Road
Kingston 5

Clinton Hart & Co.
Attorney-at-Law
58 Duke Street
Kingston

Symone Mayhew
Attorneys-at-Law
17 Herb McKinley Drive
Kingston 6

Hylton Powell
Attorneys-at-Law
11a Oxford Road
Kingston 5

Hart Muirhead Fatta
Attorneys-at-Law
53 Knutsford Boulevard
Kingston 5

Bankers
National Commercial Bank Jamaica Limited
3rd Floor, 32 Trafalgar Road
Kingston 10 Jamaica WI

Bank of Nova Scotia Jamaica Limited
ScotiaBank Centre
Cnr Duke & Pt Royal Streets
Kingston, Jamaica

Citibank, N.A.
19 Hillcrest Avenue
Kingston 6

Service of Directors

	Director	Service Year 2022	Service Year 2021
1	Bok Hoa Jeong – Chairman		✓ Served January to September 2021
2	Yong Hyun Kim - Chairman	✓	✓ Appointed – October 1, 2021
3	Dong Uk Kim	✓ (Alternate Director)	✓ Director – January to September 2021 Alternate Director – October 2021
4	Emanuel DaRosa	✓	✓ Alternate Director- January to September 2021 Director – October 1, 2021
5	Seiji Kawamura		✓ Resigned February 15, 2021
6	Mohammed Majeed	✓	✓
7	Shogo Otani	✓	✓ Appointed Director February 18, 2021
8	Minna Israel	✓	✓
9	Hon. Charles Johnston, C.D.	✓	✓
10	Hon. Danville Walker, O.J., J.P.	✓	✓
11	Nadani Chung	✓	✓
12	Dennis Morgan	✓	✓
13	Hyung Chae Yang (Alternate Director)	✓	✓
14	Masao Imazato (Alternate Director)	✓ Resigned March 31, 2022	✓ Appointed February 18, 2021
15	Kengo Aoki (Alternate Director)		✓ Resigned March 25, 2021
16	Keisuke Harada (Alternate Director)	✓	✓ Appointed March 26, 2021
17	Yu Numasawa (Alternate Director)	✓ Appointed April 1, 2022	

Corporate Governance

The Directors of the Company remain committed and steadfast in their dedication to leadership with integrity, through an established governance framework that promotes operational efficiency, transparency, and accountability, while simultaneously balancing the diverse interests of all stakeholders. This approach to governance has facilitated decisions which continue to safeguard the long-term viability of the organization and ensure legal compliance while remaining agile to respond to external challenges such as the global impact of the Covid-19 pandemic, specifically supply chain interruptions, the reduction in electricity sales, and the increase in illegal consumption of electricity. Periodically, the Board of Directors, as the governance gatekeepers, reviews this framework outlined in its Governance Guidelines, Core Values, Code of Ethics, operational, and ethical policies with a view to improving its corporate governance practices. The Board of Directors last reviewed and approved the Corporate Governance Guidelines on March 29, 2021.

The Board acknowledges that in order to establish a culture of compliance and integrity it must lead by example and hold those over whom it has direct oversight, accountable to the same standard. The Board, therefore, worked closely with Management to ensure that the standards of ethics remain relevant, in keeping with prudent governance practices and that it is communicated to and adhered to by all persons throughout the organization. This is important especially as it pertains to doing the right thing in our business, and ensuring compliance within the established governance structure. The Board, through its work and the work of the Audit Committee together with the Executive Leadership Team, and the Legal, Risk & Insurance Department, monitors and ensures the effectiveness of the Company's corporate governance practices and approves changes, as needed. Through the Audit Committee Charter, the Board delegated to the Audit Committee the function of reviewing major policies of the Company relating to corporate governance, ethics and conduct, insider trading and conflicts of interest.

Compliance is a key tenet of the Company's strategic risk management framework. Risk management is the basis of any successful entity and is the foundation upon which the Company must continue to grow as a true first class corporate brand, while fulfilling its Vision and Mission of providing a solution for every Jamaican for the growth and for powering the development of Jamaica. The Board, through the Audit Committee, oversees the process for identifying and managing the significant risks facing the Company. The Board and the Executive Leadership Team agree on the Company's risk appetite, and the Board is comfortable that the strategic plans are consistent with the Company's risk appetite. The Board has an established structure for overseeing risk, delegating responsibility to Committees and overseeing the designation of senior management responsible for risk management. Management is responsible for the execution of an agreed upon strategy and for all operational matters. The Committees of the Board also provide technical oversight that supports Management. The year in review tested the agility of the organisation to readily identify and respond to unforeseen major threats to the organisation's operations and financial position, namely, the Covid-19 pandemic, which impacted Jamaica as a whole.

The Data Protection Act ("DPA") was passed in June 2020 to protect the privacy rights of Jamaican citizens. The Company has always been committed to the data privacy of our employees and customers, however, we recognize that the need for this piece of legislation continues to grow in this advancing digital era. During this transitional period provided by the DPA, the Company is taking all the steps to place itself in a position to ensure readiness. This preparation process includes a categorization of the personal data being processed, an assessment of our different data processes and the mechanisms or systems to be implemented, or refined in order to maintain and protect the security of the personal data of our data subjects in order to satisfy the specific requirements of the DPA. It is a collective and ongoing process to which we remain dedicated to ensure that our employees and customers remain assured of the safety of their personal data.

Our Corporate Governance Guidelines are available on our website at: **www.myjpsco.com.**

Investors may communicate with the Company through **companysecretary@jpsco.com.**

Our Policies and Practices

JPS is a regulated energy Company, governed by the applicable laws and regulations of Jamaica, as well as by international standards and best practices. The Company is also guided by a set of policies and procedures that provide a framework for effective decision making and ensure accountability to team members, customers, business partners, shareholders, and other stakeholders.

CODE OF ETHICS

JPS is dedicated to conducting its business with honesty and integrity. All employees are required to operate with integrity and uphold the highest ethical standards. The JPS Code of Ethics and Business Conduct, which is available on the Company's intranet, provides detailed guidance on what is regarded as ethical and unethical conduct in the normal course of business. The Company has established an Ethics Office that, among other things, is responsible for managing reports and queries about unethical behaviour. The Ethics Office also administers the Annual Compliance and Ethics Questionnaire, which all employees are required to complete.

JPS' zero tolerance for unethical behaviour transcends the expectations of its employees and members of the Board of Directors. Adherence to the laws of Jamaica and ethical conduct is imposed on third party contractors who are engaged by the Company to carry out specified activities. These third party contractors are expected to be personally responsible for the highest standards of ethical business behaviour in their own conduct and to strive to see that these standards are upheld in the conduct of their employees, in dealing with the Company's customers, employees, and other stakeholders.

CODE OF PRACTICE

The purpose of the JPS Code of Practice is to set out all the principles, requirements, services, and actions a customer can reasonably expect from JPS. The document is provided as a guideline to which customers can refer to as a means of identifying their rights and obligations. It outlines the JPS Service Promises, Ethical Values, the Service Standards set by the Regulator, as well as guidance on how to do business with the Company. The Code of Practice is complemented by its Terms and Conditions of Service and the JPS Welcome Kit for new customers.

OCCUPATIONAL HEALTH, SAFETY & ENVIRONMENTAL (OHSE) POLICY

THE JPS SAFETY CREED

No schedule is so important
No job so urgent
No emergency so great
That we cannot take the time to work
safely and take care of the environment.

The JPS Occupational, Health, Safety & the Environmental Policy aims to promote an accident-free organization operating in an environmentally sound manner. We are committed to a culture of safety, protecting our people, operations, processes and the environment.

JPS aspires to excellence in Occupational Health Safety and Environmental performance and views this as fundamental to providing quality service to our customers. With sound leadership, a strong Code of Ethics, and Corporate Social Responsibility framework, we will:

- Implement effective OHSE Programmes throughout the business to protect our staff, contractors, customers and members of the public while satisfying legal and regulatory requirements of our internal and external interested parties and stakeholders.
- Monitor, measure and review our OHSE objectives to support the strategic direction of the business.
- Prudently implement measures to identify OHS Risks, Environmental Aspects and Opportunities to mitigate the impact of injury, ill health, and pollution from our business activities.
- Assess the OHSE awareness and competency of all employees and contractors through participation, consultation, training and development.
- Continually improve our OHSE Management System by benchmarking relevant local and international industry best practices, codes and standards.
- Transform the organization culture by consistently embracing our core values while striving for OHSE excellence throughout the organization. We will recognize the principles of sustainability and the interaction between our utility supply activities and the environment we operate in, to avoid or minimize impacts.

JPS conforms with environmental laws and regulations by having the various required licences and permits. Where there are no regulations, JPS manages environmental issues through an environmental management system of aspects/impacts risk assessments. Our Environmental Management Programme includes:

- Air Quality Management (Ambient Air Monitoring and Stack Emissions)
- Beach Licences Management (Industrial use of seafloor and foreshore)
- Hazardous Material Management
- Hazardous Waste Management
- Transformer Management (environmental soundness)
- Spill Control, Prevention and Response Management
- Solid Waste Management
- Water (abstraction/diversion) and Wastewater Management
- Vegetation Management (Wetlands Modification and Vegetation Clearance along Transmission & Distribution Network)
- Environmental Permitting & Licencing (existing, expansion and new operations)

JPS has supported various local environmental initiatives, including:

- **Plastic recycling,** since 2010 and continues to do so with Recycling Partners of Jamaica
- **Reforesting of 12 acres of forests,** through a partnership with the Forestry Department since 2010, under their Corporate Partners Initiative
- **Coastal Clean Up,** having maintained a presence at International Coastal Clean-up Day activities for the last 20 years

EXTERNAL COMMUNICATIONS POLICY

JPS is cognizant of the critical nature of the essential service it provides, and the importance of communication with all stakeholders in carrying out its obligations as the only licensed electricity distribution company in Jamaica. The Company is committed to promoting the truth; dispelling falsehoods; engaging with and educating customers to facilitate smooth business; and maintaining vital connections with key stakeholders.

JPS' External Communications Policy establishes a suitable set of controls to be implemented, monitored, reviewed and improved, where necessary, to ensure that accurate, timely, empowering and useful information is disseminated to all external stakeholders.

The primary objectives of this policy are to: ensure the provision of accurate, relevant, consistent and timely external communication; promote transparent external communication that fosters trust and confidence and educate stakeholders. This is achieved by ongoing use of traditional and digital media, as well as direct communication with specially identified groups, to reach as wide a cross-section of stakeholders as possible. JPS consistently seeks and utilises customer feedback to improve its communication, and ensure that the appropriate channels are being used to get the information to the respective audience segments.

HUMAN RESOURCE DEVELOPMENT POLICIES & PRACTICES

Engagement and Communication

JPS has been deliberate about engaging employees using all mediums available to them, along with the traditional email platform. The Company has implemented a corporate social platform for employees to share accomplishments, provide project updates to the business and recognize each other. Employees record their own videos of their work and initiatives, and share these using the various forums provided. Every quarter, the Executive Leadership engages employees live online, sharing Company updates and engaging in feedback sessions.

Succession Planning

A comprehensive programme has been implemented to support business continuity in alignment with our Corporate Risk Register. Business critical roles, as well as those impacted by pending retirements, have been earmarked for clear successors. A targeted development programme has been initiated to address and reduce potential gaps in knowledge and experience, as well as the leadership skills needed for managerial roles.

Performance Management and Reward & Recognition

JPS has a consistent culture of performance management across the business. Goal setting and appraisals are aligned with the corporate strategic objectives. Reward and recognition are done at all levels across the organization, and all leaders are empowered to recognize team and individual performance.

Employee Health & Wellness

In 2021, significant emphasis was placed on mental health and work-life balance, as the country entered its second year of lockdowns and remote work due to the Covid-19 pandemic. Team and individual support was provided by mental health professionals, in cases where colleagues fell ill or family members were lost. JPS actively engaged in partnerships with other private sector entities through the Private Sector Vaccination Initiative (PSVI) to provide convenient vaccination locations island wide for team members and their families. The Company also provided oxygen concentrators to employees in need, to reduce mental anguish and aid in speedy recovery from the Covid-19 virus.

Remote work

With the onset of the Covid-19 pandemic, JPS implemented flexible, employee-focused policies around remote work. These policies were aimed at protecting our population, while adhering to the relevant Government guidelines as they progressed over time. Employee surveys were conducted throughout the year to gauge employee sentiment, and adjustments made as the Company adapted to their needs. Close to 50% of JPS' employees now work remotely, and this is done safely and securely as guided by our Remote Work Policy, Covid-19 Guidelines, IT Security Policy and Code of Ethics and Business Conduct.

Industrial Relations

JPS has been able to maintain a stable environment with our four (4) union partners through engagement and consultation. Greater engagement and increased sharing of information with employees and Union representatives has led to a more transparent atmosphere.

Facilities Management

Several key initiatives were undertaken in 2021 to improve our employee and customer service environments. Some work environments were renovated and employees relocated to address potential health hazards and take advantage of remote work.

Learning & Development

Through its Learning and Development Institute (LDI), JPS provides ongoing learning opportunities for all employees. More than 75% of all training was done online in 2021. Over 200 courses were added to the online catalog over the past two years, in response to remote work imposed by Covid-19.

Education and Benefits

JPS provides scholarships for continuing education to its employees. These scholarships are available to both fixed-term and permanent employees. Children of employees are also offered scholarships, with provision for children with special needs.

Security Management

The security of our people and property has always been a top priority. Internal personnel and third parties provide coverage across the island, securing our valuable assets.

Disaster Preparedness

JPS has always led the utility field in Jamaica when it comes to disaster preparedness. Our cross-functional teams work with several external agencies to improve and test the resilience of our grid and our resources leading up to each Hurricane Season. The Company has a longstanding history of supporting the Caribbean during disasters, and has been approached by the Caribbean **Electric Utility Services Corporation** (CARILEC) to train a Caribbean Disaster Support Team that will be on call during disasters.

Internal customer service delivery

To improve on the responsiveness to employee queries and concerns, a Shared Services Division was created within the People Operations Division. This has streamlined the communication and resolution of employee requests, resulting in faster response rates. Digitization of the related processes through the Business Transformation Office has facilitated the creation of dashboards to monitor performance and address bottlenecks as they occur.

The Board

Function, Responsibility & Training

Having defined the Company's vision and mission, the Board is responsible for developing the strategic and operational direction of the Company, while balancing the interests of all stakeholders, including that of the shareholders to whom the Board is accountable. This responsibility, although discharged in consultation with Management, is separate from that of Management over whom the Board exercises oversight to ensure the effective implementation of the Company's strategic and operational objectives. Such responsibility, if not properly discharged in challenging times such as these, can threaten the long term viability of the organization. In carrying out its monitoring and oversight function, the Board monitors the overall performance of the Company measured against specific key performance indicators; these range from occupational health, safety and environment targets, to employee engagement. In analyzing the measured level of employee engagement the Board is given an opportunity to enquire into the views of employees.

In order to ensure that Directors remain positioned to direct the response of the Company in times of crisis and change, Directors are afforded the opportunity to and are encouraged to meet with the President & Chief Executive Officer and key members of the Executive Team. This is in addition to the six (6) scheduled meetings held by the Directors over the duration of the year at which Members of the Executive Leadership team often present to the Board, not only on the Company's operations, but also on a variety of topics in an effort to keep Directors apprised of developments in the energy sector and of business opportunities which the Company has the option to pursue, together with threats to the business. These standing meetings affords Directors scheduled opportunities to pose questions to and interact with senior Management on key topics. Moreover, the Executive Leadership maintains constant channels of dialogue with the Directors, apprising Directors of specific matters of particular importance as they arise.

Notwithstanding the informal educational opportunities, members of the Board participated in specialized training and planning sessions. During the period under review, the Board welcomed a new Chairman, Mr. Yong Hyun Kim who was provided with internal governance training. In November 2021, the Board held a strategic retreat at which Management and Board actively engaged in discussions around selected areas such as opportunities to stimulate growth in an increasingly challenging economic environment, where customers continue to have access to alternatives to meet their power needs. The Board also strategically utilized this retreat to provide its members and the Executive Leadership with governance training, with a focus on insider trading, key requirements of the Jamaica Stock Exchange, duty to disclose conflicts of interest, and other governance matters. All Directors and members of the Executive Leadership Team attended the retreat.

By virtue of Article 135 of the Company's Articles of Incorporation, the Board elects Officers of the Company with the EWP (Barbados) 1, SRL and MaruEnergy (JPSCO) I, SRL, reserving the right under Article 136 to designate the President & Chief Executive Officer. These functions to appoint and set the remuneration of persons appointed to these positions has not been delegated by the Board to any other Committee. The President & Chief Executive Officer, however, in conjunction with the Board appoints other members of the Executive Leadership Team. Persons appointed to the Executive Leadership Team are persons with a high standard of expertise, integrity and significant experience in the particular area. The Board assesses the performance of the President & Chief Executive Officer, who in turn, is afforded the liberty to analyse the performance of the remaining members of the Executive Leadership Team and establish such succession planning mechanism for the Company. It is the Board who has the responsibility to establish and maintain a succession plan for the position of the President & Chief Executive Officer, to ensure that, in the event of a sudden vacancy, the overall management of the organisation continues seamlessly, until such vacancy is filled in accordance with the provision of the Company's Articles of Incorporation.

Committees of the Board

In discharging its oversight and monitoring responsibility, the Board has established two Committees: the Audit Committee and the Operations Committee.

Audit Committee

The Audit Committee is one of the main pillars of the corporate governance system in our Company. By virtue of the Audit Committee Charter approved by the Board on February 23, 2022, in addition to having responsibility for several governance related policies, the Audit Committee is responsible for assisting the Board in carrying out its oversight responsibilities concerning the:

1. Reliability and integrity of accounting policies and practices and the Company's financial statement;
2. Qualification, independence and performance of the external auditors of the Company;
3. Performance of the internal audit function;
4. System of internal controls and procedures established by management and reviewing their effectiveness; and
5. Risk management functions and processes of the Company.

Albeit, the primary role of the Audit Committee is to provide oversight of financial reporting and risk reporting and monitoring, in the absence of a Governance Committee, the Audit Committee was charged with the responsibility to review the process for communicating the code of conduct to the Company's personnel and for monitoring compliance therewith. The Board also delegated the function of the Audit Committee to periodically review major policies of the Company relating to corporate governance, ethics and conduct, insider trading, and conflicts of interest, as is necessary.

In discharging the risk management and internal controls functions, the Audit Committee:

1. Oversees the Company's risk management functions.
2. Periodically reviews the risk management policy. The Enterprise Risk Management Policy (ERMP) was last reviewed, amended and approved by the Board on the recommendation of the Audit Committee on February 23, 2022. The ERMP forms part of the Company's Enterprise Risk Management Framework through which the Company monitors and manages the operational risks of the Company with a view to securing business continuity.
3. Reviews and monitors all financial, operational, and compliance risks as identified and prioritised by Management, including potential and emerging risks that may arise from time to time along with the tracking of those risks.
4. Monitors the risk tolerance levels, stress testing, and metrics in the areas of risk exposure and where necessary, approves changes.

As delegated by the Board, the Audit Committee has control over the internal audit function. The internal audit function is exercised through the Internal Audit Department which is led by the Director, Internal Audit. The Internal Audit Charter is periodically reviewed and, as necessary, revisions are approved by the Audit Committee.

In keeping with the Company's Audit Committee Charter, the Committee is comprised of three (3) members of the Board, the majority of whom are Independent Directors, including the position of Chair who is appointed by the Board. All members of the Audit Committee are Non-Executive Directors, that is to say, Directors who are not employed to the Company and are therefore not normally responsible for aspects of the Company's day to day operations. The Committee is mandated to meet at least four (4) times in each calendar year.

Members of the Audit Committee

Director	Status	No. of Meetings	Meetings Attended
Minna Israel (Chair)	I	6	6
Dong Uk Kim	NI	6	-
Nadani Chung	I	6	6
Emanuel DaRosa	NI	6	6

Independent (I)*

Non-Independent (NI)**

Emanuel DaRosa (Alternate Director) attended on behalf of Director Dong Uk Kim prior to his resignation from the position of Director.

Each meeting of the Committee during the reporting period was attended by 100% of Directors in person or appearing through his alternate in keeping with the Company's Articles of Incorporation.

Other invitees to the Committee's meeting include:

- JPS Board Chairman
- Mr. Michel Gantois – President & CEO
- Mr. Vernon Douglas - Chief Financial Officer (to whom the Manger, Risk & Insurance reports administratively)
- Mr. Emru Williams – Financial Controller
- Ms. Melanie Gilchrist– Company Secretary
- Ms. Joan Brown – Director, Internal Audit
- Other executives or managers as required
- Representatives of the Company's external auditor, KPMG, attend Committee meetings as needed.

Prior to the adjournment of Audit Committee meetings, the Chair of the Committee has the option to meet independently with the Internal Auditors (Executive Session) to discuss any areas of concern.

The Audit Committee reviewed and recommended for approval (where relevant) the following items during the year:

- Management accounts for the Company
- Audited Financial Statements
- Engagement Letter of the External Auditors
- External Audit Fees
- Internal Audit Plan which guides the activities of the Internal Audit Department.
- Internal Audit Reports
- Examination Reports and Management Response
- Connected Party list and transactions
- Compliance Reports

- Management Letter from the External Auditor
- Audit Committee Charter
- Enterprise Risk Management Policy

The Audit Committee also monitored the review and updating of several policies and procedures of the Company with a view to ensure that the necessary operational controls and safeguards remained up-to-date and relevant. This function was carried in addition to the oversight of the implementation of the internal audit plan established for 2021 with the approval of the Audit Committee.

Operations Committee

Article 131 of the Company's Articles of Incorporation, specifically allows the Board to form the Operations Committee to provide Management with advice in respect of the day-to-day technical operations of the Company. Through this function, therefore, the Committee delved into the operational impact of Covid-19 on the Company and had oversight of Management's implementation of mitigation measures, where possible; the performance of the Company against key operational performance indicators, including the safety and environmental indicators, and the overall performance in the areas of generation, transmission and distribution of electricity, system losses, and the execution of capital projects. By extension, Management ensures that the daily operations of the Company are compliant with the environmental regulations, permits and licences. Over the reporting period, the safety and welfare of the Company's employees continued to remain in focus, specifically through close monitoring of the Company's key safety performance indicators, which tracks injuries to person and death and motor vehicular accidents, and examines the lagging and leading indicators with a view to identifying weaknesses and implement corrective measures to facilitate the operation of the organisation without loss of life or bodily harm to employees.

Members of the Operations Committee

Director	Status	No. of Meetings	Meetings Attended
Emanuel DaRosa	NI	6	6
Hyun Chae Yang	NI	6	5
Shogo Otani	NI	6	6
Mohamed Majeed	NI	6	6
Dennis Morgan	I	6	6
Hon. Danville Walker, O.J., J.P.	I	6	6

Non-Independent (NI)*
Independent (I)**

83% of the meetings of the Committee during the reporting period was attended by 100% of Directors, the remaining 17% of meetings were attended by 83% of the Directors.

Other invitees to Committee meetings include:

- JPS Board Chairman
- Mr. Michel Gantois – President & CEO
- Ms. Melanie Gilchrist –Company Secretary
- Other Members of the Executive Leadership Team

In discharging its technical advisory role, during the period under review, the Operations Committee monitored the actual operational performance of the Company against the targeted operational key performance indicators with particular focus on the following:

- The monthly dispatch of the generation fleet and projected availability of the units;
- The reliability of the transmission and distribution networks;
- System losses and the programmes which contribute to the reduction in system losses;
- Major capital expenditure projects;
- Operational health, safety and environmental matters; and
- Proposed legal commitments which require the approval of the Board of Directors.

Evaluation

In December 2021, the Board commissioned an external evaluation of the Board for the period under review. This evaluation examined the performance of the Board and its Committees, together with the performance of the President & Chief Executive Officer, and the Company Secretary. The evaluation process delved into the role and composition of the Board, the performance of the Board and Committees and how the Directors viewed their own performance. While the results were positive and the Board was assessed as functioning at a high level of performance, there were notable areas for improvement. As such, Management and the Board is responsible for evaluating the performance of the President & Chief Executive Officer, who in turn assesses the performance of the remaining members of the Executive Leadership Team. This evaluation occurs annually and is measured against the goals established against the Company's strategic objectives for the period.

CORPORATE COMPLIANCE- JPS CODE OF ETHICS & BUSINESS CONDUCT

Adherence to sound business conduct is imperative to the development of trust and confidence of internal and external stakeholders, and by extension, the sustainable viability of any organisation. As such, the Company's commitment to operating with integrity and through ethical business practices is unwavering at all levels of the organisation; the Directors, Management, all other employees, and targeted groups of external contractors. The Company's Code of Ethics & Business Conduct (Code) was last reviewed and approved by the Board on February 23, 2022.
The Code is designed to build trust and credibility amongst stakeholders, ensure adherence to the law, avoid conflicts of interest, and foster an environment in which all are respectful and feel free to report instances of breaches without fear of retribution. The Code seeks to protect all employees against harassment, intimidation or discrimination based on disability, gender, skin colour, age, religion, national origin, pregnancy, and marital status, to name a few areas; and promote fair and equitable treatment of persons – whether customers, suppliers, employees or others who deal with the Company. The amended policy is explicitly made available to all members of staff and Directors.

All employees, directors and service providers strive to avoid any conflict of interest between the interests of the Company on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest. Although the Code provides standards of conduct for many situations, it does not cover all the possible situations that may arise. Accordingly, all stakeholders are expected to conduct themselves in accordance with their legal responsibilities and in a manner consistent with the spirit and letter of this Code and avoid even the perception of improper behaviour.

The Board of Directors, the Management, and all employees of the Company are required to observe the Company's Code of Ethics and Business Conduct and in this regard, annual certification of due compliance is required and this is achieved through the annual Questionnaire. There is also a Declaration of Interest Form for persons to disclose any potential or actual conflict of interest. Through this whistleblower mechanism, all internal stakeholders are given an opportunity to report on instances of breaches of the Company's policies and procedures and the law without fear of retaliation. Employees are also able to anonymously make reports to the Compliance Officer via the Company's compliance hotline.

As dictated by the Audit Committee Charter, it is the responsibility of the Audit Committee to review the process for communicating the code of conduct to the Company's personnel and to monitor compliance therewith.

ANNUAL GENERAL MEETING 2021

The annual general meeting of the Company was convened on July 29, 2021. The meeting was properly constituted in accordance with Article 63 of the Company's Articles of Incorporation and presided over by the then Chairman of the Board, Mr. Bok Hoa Jeong. Also present at the meeting were members of the Management team (including the President & Chief Executive Officer and the Chief Financial Officer), representatives of the Auditors, KPMG, and five (5) of the nine (9) Directors namely, Mr. Bok Hoa Jeong (then Chairman), Director Majeed, Director Israel, Director Morgan and Director Chung. All business for which notice was given to be transacted at the meeting was conducted, including but not limited to, the passing of resolutions to approve the audited financial statements for the year ended December 31, 2020, together with directors' reports, approval and ratification of the declaration and payment of dividends on ordinary shareholdings, the appointment and remuneration of auditors, and the appointment of directors and alternate directors. Members of the Company were also given the opportunity to ask questions and make comments. Minutes of the meeting may be available in accordance with the Companies Act of Jamaica and the policies of the Company through the **companysecretary@jpsco.com**.

Corporate Compliance
- JPS code of Ethics and Business Conduct

Adherence to sound business conduct is imperative to the development of trust and confidence of internal and external stakeholders, and by extension, the sustainable viability of any organisation. As such, the Company's commitment to operating with integrity and through ethical business practices is unwavering at all levels of the organisation; the Directors, Management, all other employees, and targeted groups of external contractors. The Company's Code of Ethics & Business Conduct (Code) was last reviewed and approved by the Board on February 23, 2022. The Code is designed to build trust and credibility amongst stakeholders, ensure adherence to the law, avoid conflicts of interest, and foster an environment in which all are respectful and feel free to report instances of breaches without fear of retribution. The Code seeks to protect all employees against harassment, intimidation or discrimination based on disability, gender, skin colour, age, religion, national origin, pregnancy, and marital status, to name a few areas; and promote fair and equitable treatment of persons – whether customers, suppliers, employees or others who deal with the Company. The amended policy is explicitly made available to all members of staff and Directors.

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As dictated by the Audit Committee Charter, it is the responsibility of the Audit Committee to review the process for communicating the code of conduct to the Company's personnel and to monitor compliance therewith.

Ten Largest Shareholders

Listings As At December 31, 2021

JPS Preference B Shares (7%)

Rank	Name of Shareholder	No. of Units
1	Philip Harvey-Lewis & Gina Harvey-Lewis	130,666
2	Everard Smith & Alain Smith	98,152
3	Security Brokers Limited	81,005
4	Crown Life Insurance Company	10,000
5	John Headcock	7,410
6	National Utility Fund	5,600
7	Kimberly Burrowes	5,597
8	Est. George H. Scott	5,000
9	Uranie Ferro	4,950
10	The Mona Rehabilitation Foundation	3,550

JPS Preference C Shares (5%)

Rank	Name of Shareholder	No. of Units
1	Everard Smith & Alain Smith	11,416
2	Security Brokers Limited	6,917
3	Philip Harvey-Lewis & Gina Harvey-Lewis	6,728
4	Renata Headcock	4,460
5	Herma Sassoon (Deceased)	1,900
6	Uraine Ferro	1,800
7	Prudential Stockbrokers Limited	1,628
8	Buck Security Brokers Limited	1,566
9	Estate Cecily Howe	1,500
10	Leycester H. Lyon	1,500
11	Wilton Edwards	1,134

JPS Preference D Shares (5%)

Rank	Name of Shareholder	No. of Units
1	Everard Smith & Alain Smith	218,519
2	Philip Harvey- Lewis & Gina Harvey-Lewis	82,817
3	Security Brokers Limited	64,470
4	Crown Life Insurance Company Limited	20,000
5	Grethel Forrester- Benjamin	20,000
6	Prudential Stockbrokers Limited	18,185
7	Ronald W. Kuper	13,600
8	Uranie Ferro	9,202
9	Winston G. Headcock	9,085
10	Eualyn James	8,463
11	Ruth L. Robertson (Deceased)	8,170

JPS Preference E Shares (6%)

Rank	Name of Shareholder	No. of Units
1	Everard Smith & Alain Smith	137,777
2	Security Brokers Limited	30,000
3	Susan Headcock	30,000
4	Field Nominees Limited	10,000
5	Estate Charles O. Edwards (Deceased)	5,000
6	Imperial Optical Company (WI) Ltd	5,000
7	Berkeley Properties Limited	3,613
8	Winston G. Headcock	3,400
9	Monica Powell	3,300
10	Estate Ruth M. Robertson	3,000
11	Eleanor Webster	3,000
12	Rezworth Burchenson & Valerie Burchenson	2,200
13	Gerald A. Moore	2,100

JPS Preference F Shares (9.5%)

Rank	Name of Shareholder	No. of Units
1	National Insurance Fund	350,000
2	PAM- Pooled Equity Fund	271,450
3	GraceKennedy Pension Fund Custodian Ltd for GraceKennedy Pension Scheme	250,000
4	JPS Employees' Superannuation Fund	246,361
5	Guardian Life Limited	149,900
6	Ideal Portfolio Services Company Limited	107,384
7	ATL Group Pension Fund Trustee Nominee	100,000
8	Sagicor Life Jamaica Limited	98,643
9	SJIML A/C 3119	98,137
10	Sagicor Pooled Foreign Currency Fund	78,914

JPS Ordinary Stocks

Rank	Name of Shareholder	No. of Units
1	EWP (Barbados) 1, SRL	155,366,792
2	MaruEnergy JPSCO I, SRL	155,366,792
3	National Investment Bank of Jamaica Ltd	2,183,237
4	R.S Gamble and Son Ltd	108,139
5	Faith A. Myers	74,394
6	Melle Marguerite Simard (Deceased)	59,514
7	Frank Renfrette	45,462
8	John George	43,396
9	Agnes Theresa Fong Yee	31,410
10	Renee Rosier Joel	29,757

JPS Ordinary Shares

Rank	Name of Shareholder	No. of Units
1	EWP (Barbados) 1 SRL	8,575,911,306
2	MaruEnergy JPSCO 1, SRL	8,575,911,306
3	Accountant General	2,386,573,897
4	Accountant General	1,974,065,546

Audited Financial Statements

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

INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICA PUBLIC SERVICE COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Jamaica Public Service Company Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 65 to 136 which comprise the Group's and the Company's statements of financial position as at December 31, 2021, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2021, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers
Nyssa A. Johnson
W. Gihan C. de Mel
Wilbert A. Spence
Rochelle N. Stephenson
Sandra A. Edwards
Karen Ragoobirsingh

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PUBLIC SERVICE COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

Valuation of employee benefits asset	How the matter was addressed in our audit
The Group operates a defined benefit pension plan that provides retirement benefits to the members. Significant estimates are made in valuing the Group's employee benefit asset. The valuation of these benefits is considered to be a significant risk, as given the value of the assets, small changes in the assumptions can have a material financial impact on the Group. The key assumptions involved in calculating employee benefit asset and obligations are discount rates, inflation, and future increases in salaries and pensions. Management appointed an external actuarial expert in measuring the employee benefit asset and obligations at the reporting date. The use of significant assumptions increases the risk that management's estimate can be materially misstated.	Our audit procedures in response to this matter, included • Evaluating the independence and objectivity of the appointed actuarial expert. • Using our own actuarial specialists to assist in determining that the actuarial valuation was performed in accordance with the requirements of IAS 19 *Employee Benefits*. • Testing employee data provided by management to the actuarial expert. • Assessing key assumptions used by the actuary, including inflation and discount rates, by comparing them to information from independent sources. • Assessing whether disclosures in the financial statements are appropriate in respect of the Group's employee benefit arrangements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PUBLIC SERVICE COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PUBLIC SERVICE COMPANY LIMITED

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance *for the Financial Statements (continued)*

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 63-64, forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PUBLIC SERVICE COMPANY LIMITED

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The partner on the audit resulting in this independent auditors' report is Nigel Chambers.

KPMG

Chartered Accountants
Kingston, Jamaica

March 30, 2022

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PUBLIC SERVICE COMPANY LIMITED

Appendix to the Independent Auditors' report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICA PUBLIC SERVICE COMPANY LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Group Statement of Financial Position
December 31, 2021
(*Expressed in United States Dollars*)

	Notes	2021 $'000	2020 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	803,603	809,867
Right-of use assets	6(a)(i)	511,127	550,958
Intangible assets	7	17,972	17,091
Investment in equity-accounted investee	8(b)	78,712	76,292
Employee benefits asset	9(a)(i)	47,449	51,514
		1,458,863	1,505,722
Current assets			
Cash and cash equivalents	10	42,783	54,350
Restricted cash	11	51,447	48,512
Accounts receivable	12	152,773	150,441
Due from related parties	18(a)(i)	1,351	1,503
Inventories	13	30,176	39,289
		278,530	294,095
Total assets		1,737,393	1,799,817
Shareholders' equity			
Share capital	14	261,786	261,786
Capital reserve	15	19,288	19,288
Capital redemption reserve	16	3,000	3,000
Retained earnings		250,836	222,703
		534,910	506,777
Current liabilities			
Accounts payable and provisions	17	113,588	112,295
Corporation tax payable		2,535	5,168
Due to related parties	18(a)(ii)	23,501	28,115
Lease liabilities	6(a)(ii)	26,970	26,478
Current portion of long-term loans	20	45,567	47,469
		212,161	219,525
Non-current liabilities			
Customers' deposits	19	32,704	29,163
Long-term loans	20	355,830	408,265
Lease liabilities	6(a)(ii)	517,628	544,595
Preference shares	21	24,688	24,688
Deferred taxation	22	25,141	32,419
Decommissioning provision	23	27,742	27,010
Employee benefits obligation	9(b)	6,589	7,375
		990,322	1,073,515
Total liabilities		1,202,483	1,293,040
Total shareholders' equity and liabilities		1,737,393	1,799,817

The financial statements on pages, 65 to 136 were approved by the Board of Directors on March 30, 2022, and signed on its behalf by:

_______________ Chairman
Yong Hyun Kim

_______________ Director
Mohamed Majeed

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2021
(*Expressed in United States Dollars*)

	Notes	2021 $'000	2020 $'000
Operating revenue	24	973,369	888,706
Cost of sales	25(a)	(595,876)	(525,088)
Gross profit		377,493	363,618
Operating expenses	25(b)	(241,603)	(233,775)
Impairment loss on trade receivables	12	(9,671)	(17,986)
Operating profit		126,219	111,857
Finance income		6,144	6,997
Finance costs		(78,582)	(87,308)
Net finance costs	25(c)	(72,438)	(80,311)
Other income	26(a)	2,846	4,740
Other expenses	26(b)	(7,876)	(8,790)
		48,751	27,496
Share of profit in equity-accounted investee	8(b)	2,420	8,161
Profit before taxation		51,171	35,657
Taxation	27	(9,073)	(4,544)
Profit for the year		42,098	31,113
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment	5	-	14,528
Remeasurement loss on defined benefit plan	9(a)(iv)	(5,947)	(13,019)
Tax on remeasurement loss on defined benefit plan	22	1,982	4,340
Other (loss)/comprehensive gain, net of tax		(3,965)	5,849
Total comprehensive income attributable to shareholders		38,133	36,962
Earnings per share	28	0.19¢	0.14¢

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Group Statement of Changes in Shareholders' Equity
Year ended December 31, 2021
(*Expressed in United States Dollars*)

	Share capital $'000 (Note 14)	Capital reserve $'000 (Note 15)	Capital redemption reserve $'000 (Note 16)	Retained earnings $'000	Total $'000
Balances at December 31, 2019	261,786	4,760	3,000	210,269	479,815
Total comprehensive income for the year 2020:					
Profit for the year	-	-	-	31,113	31,113
Other comprehensive income:					
Remeasurement loss on defined benefit plan, net of tax	-	-	-	(8,679)	(8,679)
Revaluation gain on property, plant and equipment	-	14,528	-	-	14,528
Total comprehensive income for the year	-	14,528	-	22,434	36,962
Transactions with owners of the company:					
Dividends [note 29(a)]	-	-	-	(10,000)	(10,000)
Balance at December 31, 2020	261,786	19,288	3,000	222,703	506,777
Total comprehensive income for the year 2021:					
Profit for the year	-	-	-	42,098	42,098
Other comprehensive income:					
Remeasurement loss on defined benefit plan, net of tax	-	-	-	(3,965)	(3,965)
Total comprehensive income for the year	-	-	-	38,133	38,133
Transactions with owners of the company:					
Dividends [note 29(a)]	-	-	-	(10,000)	(10,000)
Balance at December 31, 2021	261,786	19,288	3,000	250,836	534,910

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Group Statement of Cash Flows
Year ended December 31, 2021
(*Expressed in United States Dollars*)

	Notes	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		42,098	31,113
Adjustments for:			
Depreciation and amortisation	5,6,7	118,106	114,114
Loss on disposal of property, plant and equipment		11	131
Amortisation of debt issuance costs	25(c)	990	1,527
Unrealised foreign exchange gain	25(c)	(5,897)	(4,776)
Interest expense	25(c)	71,280	78,446
Interest income	25(c)	(5,004)	(5,329)
Interest capitalised	25(c)	(1,140)	(1,668)
Taxation expense	27	14,369	15,143
Deferred tax	22	(5,296)	(10,599)
Employee benefits asset/obligation, net		(5,958)	(7,469)
Share of profit in equity-accounted investee	8(b)	(2,420)	(8,161)
Cash generated before changes in working capital		221,139	202,472
Restricted cash		(2,935)	(3,885)
Accounts receivable		(8,280)	(2,752)
Inventories		9,113	4,407
Accounts payable and provisions		14,854	(20,450)
Due from/to related parties		(4,462)	21,531
Customers' deposits and advances		6,099	(193)
Cash generated from operations		235,528	201,130
Taxation paid		(17,002)	(6,092)
Net cash provided by operating activities		218,526	195,038
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of share in equity-accounted investee		-	(4)
Purchase of property, plant and equipment		(67,676)	(79,826)
Purchase of intangible assets	7	(4,095)	(1,515)
Interest received		4,943	6,435
Net cash used in investing activities		(66,828)	(74,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loans received, net		-	(14,000)
Long-term loans received		-	69,460
Repayment of long-term loans		(44,747)	(45,990)
Payment of lease liabilities		(26,467)	(23,554)
Interest and dividend paid		(92,051)	(86,710)
Net cash used in financing activities		(163,265)	(100,794)
Net (decrease)/ increase in cash and cash equivalents		(11,567)	19,334
Net cash and cash equivalents at beginning of year		54,350	35,016
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		42,783	54,350

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Company Statement of Financial Position
December 31, 2021
(*Expressed in United States Dollars*)

	Notes	2021 $'000	2020 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	803,603	809,867
Right-of-use assets	6	511,121	550,946
Intangible assets	7	17,972	17,091
Investment in subsidiaries	8(a)	46,004	-
Employee benefits asset	9(a)(i)	47,449	51,514
		1,426,149	1,429,418
Current assets			
Cash and cash equivalents	10	42,759	54,350
Restricted cash	11	51,447	48,512
Accounts receivable	12	152,018	149,893
Due from related parties	18(a)(i)	1,294	47,510
Inventories	13	30,176	39,289
		277,694	339,554
Total assets		1,703,843	1,768,972
Shareholders' equity			
Share capital	14	261,786	261,786
Capital reserve	15	19,288	19,288
Capital redemption reserve	16	3,000	3,000
Retained earnings		216,551	191,856
		500,625	475,930
Current liabilities			
Accounts payable and provisions	17	113,250	112,018
Corporation tax payable		2,341	4,982
Due to related parties	18(a)(ii)	24,775	28,592
Lease liabilities	6(a)(ii)	26,964	26,473
Current portion of long-term loans	20	45,567	47,469
		212,897	219,534
Non-current liabilities			
Customers' deposits	19	32,704	29,163
Long-term loans	20	355,830	408,265
Lease liabilities	6(a)(ii)	517,627	544,588
Preference shares	21	24,688	24,688
Deferred taxation	22	25,141	32,419
Decommissioning provision	23	27,742	27,010
Employee benefits obligation	9(b)	6,589	7,375
		990,321	1,073,508
Total liabilities		1,203,218	1,293,042
Total shareholders' equity and liabilities		1,703,843	1,768,972

The financial statements on pages, 65 to 136 were approved by the Board of Directors on March 30, 2022, and signed on its behalf by:

_______________ Chairman
Yong Hyun Kim

_______________ Director
Mohamed Majeed

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2021
(*Expressed in United States Dollars*)

	Notes	2021 $'000	2020 $'000
Operating revenue	24	966,532	882,898
Cost of sales	25(a)	(595,876)	(525,088)
Gross profit		370,656	357,810
Operating expenses	25(b)	(236,036)	(228,713)
Impairment loss on trade receivables	12	(9,671)	(17,986)
Operating profit		124,949	111,111
Finance income		6,144	6,997
Finance costs		(78,580)	(87,307)
Net finance costs	25(c)	(72,436)	(80,310)
Other income	26(a)	2,846	4,740
Other expenses	26(b)	(7,876)	(8,790)
Profit before taxation		47,483	26,751
Taxation	27	(8,823)	(4,358)
Profit for the year		38,660	22,393
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Gain on revaluation of property, plant and equipment	5	-	14,528
Remeasurement loss on defined benefit plan	9(a)(v)	(5,947)	(13,019)
Tax on remeasurement loss on defined benefit plan	22	1,982	4,340
Other comprehensive (loss)/gain, net of tax		(3,965)	5,849
Total comprehensive income attributable to shareholders		34,695	28,242

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Company Statement of Changes in Shareholders' Equity
Year ended December 31, 2021
(*Expressed in United States Dollars*)

	Share capital $'000 (Note 14)	Capital reserve $'000 (Note 15)	Capital redemption reserve $'000 (Note 16)	Retained earnings $'000	Total $'000
Balances at December 31, 2019	261,786	4,760	3,000	188,142	457,688
Total comprehensive income for the year 2020:					
Profit for the year	-	-	-	22,393	22,393
Other comprehensive income:					
Remeasurement loss on defined benefit plan, net of tax	-	-	-	(8,679)	(8,679)
Revaluation gain on property, plant and equipment	-	14,528	-	-	14,528
Total comprehensive income for the year	-	14,528	-	13,714	28,242
Transactions with owners of the company:					
Dividends [note 29(a)]	-	-	-	(10,000)	(10,000)
Balance at December 31, 2020	261,786	19,288	3,000	191,856	475,930
Total comprehensive income for the year 2021:					
Profit for the year	-	-	-	38,660	38,660
Other comprehensive income:					
Remeasurement gain on defined benefit plan, net of tax	-	-	-	(3,965)	(3,965)
Total comprehensive income for the year	-	-	-	34,695	34,695
Transactions with owners of the company:					
Dividends [note 29(a)]	-	-	-	(10,000)	(10,000)
Balance at December 31, 2021	261,786	19,288	3,000	216,551	500,625

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Company Statement of Cash Flows
Year ended December 31, 2021
(*Expressed in United States Dollars*)

	Notes	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		38,660	22,393
Adjustments for:			
Depreciation and amortisation	5,6,7	118,101	114,109
Loss on disposal of property, plant and equipment		11	131
Amortisation of debt issuance costs	25(c)	990	1,527
Unrealised foreign exchange gains	25(c)	(5,897)	(4,776)
Interest expense		71,279	78,446
Interest income	25(c)	(5,004)	(5,329)
Interest capitalised	25(c)	(1,140)	(1,668)
Taxation expense	27	14,119	14,957
Deferred tax	22	(5,296)	(10,599)
Employee benefits asset/obligation, net		(5,958)	(7,469)
Cash generated before changes in working capital		219,865	201,722
Restricted cash		(2,935)	(3,885)
Accounts receivable		(8,073)	(2,204)
Inventories		9,113	4,407
Accounts payable and provisions		14,793	(20,727)
Due from/to related parties		(3,605)	22,001
Customers' deposits and advances		6,099	(193)
Cash generated from operations		235,257	201,121
Taxation paid		(16,760)	(6,092)
Net cash provided by operating activities		218,497	195,029
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(67,676)	(79,826)
Purchase of intangible assets	7	(4,095)	(1,515)
Interest received		4,943	6,435
Net cash used in investing activities		(66,828)	(74,906)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loans received, net		-	(14,000)
Long-term loans received		-	69,460
Repayment of long-term loans		(44,747)	(45,990)
Payment of lease liabilities		(26,463)	(23,549)
Interest and dividend paid		(92,050)	(86,710)
Net cash used in financing activities		(163,260)	(100,789)
Net (decrease)/ increase in cash and cash equivalents		(11,591)	19,334
Net cash and cash equivalents at beginning of year		54,350	35,016
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		42,759	54,350

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2021
(*Expressed in United States Dollars*)

1. Identification, Regulation and Licence

(a) Identification:

Jamaica Public Service Company Limited ("the Company") is incorporated and domiciled in Jamaica as a limited liability company. The company is owned by MaruEnergy JPSCO 1 SRL and EWP (Barbados) 1 SRL, each holding 40% interest in the Company's shares, with the Government of Jamaica (GOJ) holding 19.9% and private individuals 0.1%.

MaruEnergy JPSCO 1 SRL is incorporated in Barbados and is ultimately owned by Marubeni Corporation, which is incorporated in Japan. EWP (Barbados) 1 SRL is incorporated in Barbados and is ultimately owned by the Korea Electric Power Corporation, which is incorporated in South Korea. The Government of Jamaica's ownership in the Company is held collectively through the Accountant General's Department and the Development Bank of Jamaica Limited.

In accordance with a Shareholder's Agreement, the majority shareholders have the right to appoint six members of the Board of Directors while the GOJ has the right to appoint three. Additionally, certain significant decisions of the Board of Directors require a unanimous vote of the appointed directors.

The principal activities of the Company are generating, transmitting, distributing and supplying electricity in accordance with the terms of the amended Electricity Licence, 2016 (the Licence), granted on January 27, 2016, by the Minister of Science, Technology, Energy and Mining.

The Company holds a 100% interest in South Jamaica Energy Holdings Limited (SJEH). The primary activity of SJEH is the holding of a 50% interest in South Jamaica Power Company Limited. The Company also holds 100% interest in Caribbean Blue Skies Energy Limited (CBSE) whose primary activities are the provision of operation and maintenance services to entities within in the energy industry.

The registered office of the Company and its Subsidiaries is situated at 6 Knutsford Boulevard, Kingston 5, Jamaica, W. I., and its preference shares are listed on the Jamaica Stock Exchange.

(b) Regulatory arrangements and tariff structure:

The Licence authorises the Company to supply electricity for public and private purposes within the Island of Jamaica, subject to regulation by the Office of Utilities Regulation (OUR). The OUR is established pursuant to the Office of Utility Regulation Act, 1995, and as subsequently amended, with power and authority to require observance and performance by the Company of its obligations under the Licence, and to regulate the rates charged by the Company.

Under the provisions of the Licence, the Company is granted the exclusive right to transmit, distribute and supply electricity throughout the Island of Jamaica for a period of twenty years and to develop new generation capacity within the first three years from the effective date of the Licence.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2021
(*Expressed in United States Dollars*)

1. Identification, Regulation and Licence (continued)

(b) Regulatory arrangements and tariff structure (continued):

Since the expiration of the initial three-year period, the Company has the right, together with other persons, to compete for the right to develop new generation capacity. The Licence was extended in August 2007 for an additional period of six years through to 2027 upon the sale of the Company by Mirant Corporation to Marubeni Corporation.

Schedule 3 of the Licence defines the rates for electricity and the mechanism for rate adjustments.

Under the Licence, the rates for electricity consist of a Non-Fuel Base Rate, which is adjusted annually using the Performance Based Rate-making Mechanism; and a Fuel Rate, which is adjusted monthly to reflect fluctuations in actual fuel costs, net of adjustments for prescribed efficiency targets. Both rates (fuel and non-fuel) are adjusted monthly to account for movements in the monetary exchange rate between the United States (US) dollar and the Jamaica dollar.

These rates are determined in accordance with the tariff regime, which provides that the OUR annually reviews the Company's efficiency levels (system losses and heat rate) and, where appropriate, adjusts these in the tariff. Under the rate schedule, the Company should recover its actual fuel costs, net of the prescribed efficiency adjustments, through its Fuel Rate.

As of March 1, 2004, and thereafter, on each succeeding fifth anniversary, the Company must submit a filing to the OUR for further rate adjustments to its Non-Fuel Base Rate. The rate filing, which requires OUR approval, is based on a test year and includes defined "efficient" non-fuel operating costs, depreciation expenses, taxes, and a fair return on investment.

Embedded in the OUR approved tariff is an amount to be set aside monthly to provide for a Self-Insurance Sinking Fund in case of a major catastrophe affecting the Company's operations.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

Certain new and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements, but their adoption did not result in any changes to amounts recognised or disclosed in these financial statements.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2021
(*Expressed in United States Dollars*)

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

(b) Basis of preparation:

These financial statements are presented in United States dollars, which is the functional currency of the Company.

Except where otherwise indicated, all financial information presented in United States dollars has been rounded to the nearest thousand.

The financial statements are prepared under the historical cost basis, modified for the inclusion of land at valuation, and defined benefits asset and obligation at fair value of plan assets less the present value of the defined benefits asset and obligation as explained in note 3(b).

Basis of consolidation

The consolidated financial statements comprise of the Company and its subsidiaries for the year ended December 31, 2021.

A subsidiary is an entity controlled by and forming part of the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity, exposure to variable returns from the investee and a link between the power the Group has and the variability of returns. In assessing control, the existence and effect of potential voting rights that are currently exercisable are considered. Subsidiaries are consolidated from the date on which the Group effectively takes control until the date that control ceases. Accounting policies of subsidiaries are aligned with the policies adopted by the Group.

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

(c) Use of estimates and judgements:

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if applicable.

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

(c) Use of estimates and judgements (continued):

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if applicable.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Post-employment benefits:

The amounts recognised in the consolidated financial statements for post-employment benefits are determined actuarially using several assumptions.

The primary assumptions used in determining the amounts recognised include expected rates of salary and pension increases, and the discount rate used to determine the present value of estimated future cash flows required to settle the obligations.

The discount rate is determined based on the estimated yield on long-term government securities that have maturity dates approximating the terms of the Group's obligation. In the absence of such instruments in Jamaica, the Group extrapolated from the longest-tenure security on the market. Any changes in these assumptions will affect the amounts recorded in the financial statements for these obligations.

(ii) Allowance for impairment losses on receivables:

Allowances for expected credit losses (“ECL”) are determined upon origination of the trade accounts receivable based on a model that calculates the ECL based on a matrix of days past due, considering actual credit loss experience over the last 12 months and analysis of future delinquency.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

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

(c) Use of estimates and judgements (continued):

(iii) Lease arrangements:

Management evaluates all purchase arrangements to assess whether they contain leases [Notes 3(q) and 4].

(iv) Unbilled revenue:

Unbilled revenue at each month-end is estimated consistently based on the average amounts billed in the billing period immediately preceding each reporting date, including amounts unbilled for Independent Power Provider (IPP) charges.

(v) Capitalisation and useful lives of property, plant and equipment:

Management exercises judgement in determining whether the costs incurred can be capitalised, based on whether they are expected to generate significant future economic benefits to the Group.

Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation thereon.

(vi) Allowance for inventory obsolescence:

The Group assesses its inventory on an annual basis to determine any allowance that should be carried for items that are in good condition but will not be used in the foreseeable future. Allowance is also made for items that have deteriorated or become damaged while in stock.

3. Summary of significant accounting policies

(a) Property, plant and equipment and intangible assets:

Recognition and measurement

In accordance with IAS 16, additions to property, plant and equipment, replacement of retirement units of plant in service, or additions to construction work-in-progress include direct labour, materials, professional fees and an appropriate charge for overheads. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Specialised plant and equipment is measured at deemed cost at the IFRS transition date of January 1, 2002, less accumulated depreciation and impairment losses, while all other property, plant and equipment is measured at cost except for land, which is measured at revalued amounts.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2021
(*Expressed in United States Dollars*)

3. Summary of significant accounting policies (continued)

(a) Property, plant and equipment and intangible assets (continued):

Recognition and measurement (continued)

Land was last revalued as at December 31, 2020, by an independent valuator using the Market Comparable Basis which utilises the sale values for similar properties within the relevant period.

Valuations are performed with sufficient frequency to ensure that the fair value of the revalued assets do not differ materially from their carrying amounts at the reporting date.

Property, plant and equipment being constructed are measured at cost less recognised impairment losses.

Intangible assets include computer software measured at cost, less amortisation and impairment losses, and land rights measured at cost. Impairment losses are recognised in profit or loss in operating expenses.

Depreciation and amortisation:

Land and land rights are not depreciated. Other property, plant and equipment and intangible assets are depreciated or amortised on the straight-line basis at annual rates estimated to write down the assets to their recoverable values over their expected useful lives.

The depreciation rates, which are specified by the Licence, are as follows:

Steam production plant	4%
Hydraulic production plant	2%, 2.5% & 3.08%
Other production plant	2.5, 4%, 4.17% & 5%
Transmission plant	4%
Distribution plant	3.33%, 4%, 6.67%, 10% & 20%
General plant & equipment:	
Buildings and structures	2%
Transport equipment	8.33% & 14.29%
Other equipment	6.67%, 8.33%, 10%, 16.67% & 20%

Computer software, which is classified as an intangible asset, is amortised at 16.67% per annum. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset. All other expenditure is recognised in profit or loss as incurred.

Useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2021
(*Expressed in United States Dollars*)

3. Summary of significant accounting policies (continued)

(b) Employee benefits:

Employee benefits, comprising pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management.

The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the Group's post-employment benefits asset and obligation as computed by the actuary.

(i) Pension assets:

The Group participates in two pension plans (a defined benefit plan and a defined contribution pension plan), the assets of which are held separately from those of the Group.

Obligations for contributions to the defined contribution pension plan are recognised as an expense in profit or loss as incurred.

The defined benefit pension plan requires the Group to contribute a percentage of employees' pensionable earnings and employees to contribute a similar amount. Such contributions, which are actuarially determined, provide for current costs and amounts to amortise any past service deficits disclosed over the average future working lifetime of the active membership.

The Group's net obligation in respect of the defined benefit pension plan is calculated at each reporting date by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods, discounting it to determine its present value, and deducting the fair value of the plan assets.

To the extent that the obligation is less than the fair value of the plan assets, the asset recognised is restricted to the discounted value of future benefits available to the Group in the form of future refunds or reductions in contributions.

The discount rate applied is the yield at reporting date on long-term government instruments that have maturity dates approximating the term of the Group's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenured security on the market.

The calculation of the net defined benefits obligation/asset is performed by the appointed actuary using the Projected Unit Credit Method.

Remeasurements of the net defined benefits obligation/asset, which comprise actuarial gains and losses, and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income.

3. Summary of significant accounting policies (continued)

(b) Employee benefits (continued):

(i) Pension assets (continued):

The Group determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit obligation/asset, taking into account any changes in the net defined benefit obligation/asset during the period as a result of contributions and benefit payments.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Other employee benefits:

A provision is made for unutilised vacation and sick leave in respect of service rendered by employees up to the reporting date. Pursuant to collective bargaining agreements, employees are entitled to a termination benefit in relation to their unutilised vacation and sick leave entitlements that accumulate in certain instances over the life of their service. The provision includes estimated employer's statutory contributions arising on leave-vesting. No discounting is applied to unutilised vacation and leave as the timing cannot reliably be determined.

(c) Cash and cash equivalents:

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding bank overdrafts.

(d) Accounts receivable:

Trade and other accounts receivable are measured at amortised cost less impairment losses. An impairment loss is recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not occurred. The provision methodology considers past events and current conditions, as well as reasonable and supportable forecasts affecting collectability [see also note 3(l)].

(e) Inventories:

Inventories comprise fuel stocks and generation, transmission and distribution spare parts. Inventories are valued at the lower of cost, determined on a weighted average cost basis, and net realisable value.

3. Summary of significant accounting policies (continued)

(f) Accounts payable:

Trade and other accounts payable are recorded initially at amounts representing the fair value of the consideration due for goods and services received by the reporting date, whether or not billed. Thereafter they are measured at amortised cost.

(g) Provisions:

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

Decommissioning obligations

The Group's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalised in the relevant asset category. Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation as at the reporting date.

Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time (and unwinding of the discount) is recognised within finance costs whereas increases/decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalised. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

(h) Borrowings:

(i) Capitalisation of borrowing costs:

Borrowing costs directly attributable to the construction of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(ii) Debt issuance costs:

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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3. Summary of significant accounting policies (continued)

(h) Borrowings (continued):

(iii) Interest-bearing borrowings:

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

(i) Customers' deposits:

Given the long-term nature of customer relationships, customers' deposits and construction advances are shown in the statement of financial position as non-current liabilities (i.e., amounts not likely to be repaid within twelve months of the reporting date). Interest is credited annually on customers' deposits at rates prescribed by the Licence.

(j) Preference shares:

The Group's redeemable preference shares are classified as liabilities because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

(k) Share capital:

Ordinary shares are classified as equity.

(l) Impairment

Financial assets

The Group recognises allowances for Expected credit losses (ECLs) on:

- financial assets measured at amortised cost; and
- contract assets

The Group measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in United States Dollars*)

3. Summary of significant accounting policies (continued)

(l) Impairment (continued)

Financial assets (continued)

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security if any is held; or
- the financial asset is more than 365 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in United States Dollars*)

3. Summary of significant accounting policies (continued)

(l) Impairment (continued)

Write-off

The gross carrying amount of a financial asset is written down (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

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

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

Non- financial assets

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

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

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

A contract with a customer that results in a recognised financial instrument in the Group’s financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in United States Dollars*)

3. Summary of significant accounting policies (continued)

(m) Revenue recognition:

Sale of electricity

Revenue is recognised at a point in time for the price, before tax on sales, expected to be received by the Company for electricity supplied as a result of its ordinary activities, as the electricity is consumed by the customer. Revenues are recognized net of any trade discounts granted to customers.

Sale of goods

Revenue is recognised at a point in time for the price, before tax on sales, expected to be received by the Company for goods and services supplied, as contractual performance obligations are fulfilled and control of goods and services passes to the customer. Revenues are decreased by any trade discounts granted to customers. Transactions between the Company and its subsidiaries are eliminated on consolidation.

Variable consideration is recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

For contracts that permit return of goods, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

The right to recover returned goods is measured at the previous carrying amount of inventory less any expected cost to recover.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The ‘amortised cost’ of a financial asset is the amount at which the financial asset is measured on initial recognition plus or minus the cumulative amortisation of transaction costs, discounts and premiums, minus the principal repayments. For financial assets, this value is adjusted for any expected credit loss allowance.

3. Summary of significant accounting policies (continued)

(m) Revenue recognition (continued):

Interest income (continued)

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(n) Taxation:

Current and deferred taxes:

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

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

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

A deferred tax liability is recognised for taxable temporary differences, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity", that is, "the Company and Group").

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in United States Dollars*)

3. Summary of significant accounting policies (continued)

(o) Related parties (continued):

(a) A person or a close member of that person's family is related to the Group if that person:

(i) Has control or joint control over the Group;

(ii) Has significant influence over the Group; or

(iii) Is a member of the key management personnel of the Group or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

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

(v) The entity is a post-employment benefit plan established for the benefit of employees of either the Group or an entity related to the Group.

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

(vii) The entity is a post-employment benefit plan established for the benefit of employees of either the Group or an entity related to the Group.

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

(ix) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity (or of a parent of the entity).

(x) The entity or any member of a group of which it is a part, provides key management services to the company.

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

The Group's key related party relationships are with its primary shareholders, their parent companies, subsidiary, fellow subsidiaries and associated companies, the Government of Jamaica, directors, key management personnel and its two pension plans.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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3. Summary of significant accounting policies (continued)

(p) Interests in equity-accounted investees:

The Group's interest in equity-accounted investees comprise interest in associate and interest in joint venture. They are classified and accounted for as follows:

- Associates – entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.
- Joint venture – entities in which the Group has joint control over the relevant activities, when the Group has rights to the net assets of the arrangement, rather than direct rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

(q) Leases:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects an expectation that the Group will exercise a purchase option.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in United States Dollars*)

3. Summary of significant accounting policies (continued)

(q) Leases (continued):

(i) As a lessee (continued)

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

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

- fixed payments, including in-substance fixed payments, less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is:

- a change in future lease payments arising from a change in an index or rate;
- a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- a change in the Group's assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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3. Summary of significant accounting policies (continued)

(q) Leases (continued):

(i) As a lessee (continued)

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

Short-term leases and leases of low-value assets

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

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on the straight-line basis over the lease term as part of 'other revenue'.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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3. Summary of significant accounting policies (continued)

(r) Foreign currencies:

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

For the purposes of the statement of cash flows, realised foreign currency gains and losses are treated as cash items and included in cash flows from operating or financing activities along with movement in the relevant balances.

(s) Segment reporting:

An operating segment is a component of an entity:

(i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(iii) for which discrete financial information is available.

The Group maintains an integrated operating structure and its operations are reviewed by management and directors as a whole and not in segments. The operations of the subsidiaries are not material for segment disclosure. Consequently, no segment disclosures are included in the financial statements.

(t) Financial instruments and fair value measurement:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise trade and other receivables, cash and cash equivalents, long term receivables, due from related parties, other assets and restricted cash. Financial liabilities comprise trade and other payables, loan from bank due to related parties, also financial substitutes; preference shares, customer deposits and other payables.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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3. Summary of significant accounting policies (continued)

(t) Financial instruments and fair value measurement (continued):

(ii) Classification and subsequent measurement

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss are classified as "Held to collect" and measured at amortised cost:

a) held within a business model whose objective is to hold assets to collect contractual cash flows, and
b) whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding,

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

- Cash and cash equivalents
- Trade receivables
- Due from related parties

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

Subsequent measurement

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

Impairment of financial assets

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

Derecognition

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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3. Summary of significant accounting policies (continued)

(t) Financial instruments and fair value measurement (continued):

(ii) Classification and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs, in the case of loans and borrowings. The Company's financial liabilities, which include payables and accruals, loan obligations, due to parent and related companies and redeemable preference shares which are recognised initially at fair value.

Subsequent measurement

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

Derecognition

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

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

Offsetting of financial instruments

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

Derivative financial instruments

The Group may use derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to profit or loss.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in United States Dollars*)

3. Summary of significant accounting policies (continued)

(t) Financial instruments and fair value measurement (continued):

(ii) Classification and subsequent measurement (continued)

Fair value measurement

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. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset for its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

(u) Standards issued but not yet effective:

New and amended standards and interpretations that are not yet effective

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IAS 37 *Provisions*, C*ontingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling a contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
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3. Summary of significant accounting policies (continued)

(u) Standards issued but not yet effective (continued):

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

- Amendments to IAS 37 *Provisions*, C*ontingent Liabilities and Contingent Assets*.

  This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The Group is assessing the impact that the amendment will have on its 2022 financial statements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 First-*time Adoption of International Financial* Reporting *Standards*, IFRS *9 Financial* Instruments*,* IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  The Group is assessing the impact that the amendment will have on its 2022 financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring entities to disclose their *material* accounting policies rather than their *significant* accounting policies;
  - *clarifying* that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

(Expressed in United States Dollars)

3. Summary of significant accounting policies (continued)

(u) Standards issued but not yet effective (continued):

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

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

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

  The Group is assessing the impact that the amendment will have on its 2023 financial statements.

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

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

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

  The Group is assessing the impact that the amendment will have on its 2023 financial statements.

3. Summary of significant accounting policies (continued)

(u) Standards issued but not yet effective (continued):

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

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

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

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

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

  The Group is assessing the impact that the amendment will have on its 2023 financial statements.

4. Power purchase contracts

The Group has entered into agreements with Independent Power Providers (IPPs) for the purchase of energy capacity and net energy output The IPP arrangements are:

	Contract termination date
The Jamaica Private Power Company Limited (JPPC)	December 2024
Wigton Wind Farm Limited (Wigton)	April 2024, December 2030 & March 2036
Jamaica Energy Partners (JEP)	February 2026
West Kingston Power Partners (WKPP)	July 2032
Content Solar Limited (CS)	August 2036
BMR Jamaica Wind Limited (BMR)	June 2036
Eight Rivers Energy Company Limited (EREC)	June 2039
South Jamaica Power Company Limited (SJPC)	December 2039
NFE South Power Holdings Limited	March 2040

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4. Power purchase contracts (continued)

All agreements are subject to termination prior to the contract dates upon the occurrence of certain events of default as specified in the agreements, and are renewable for an additional period, provided the party seeking the extension gives written notice, ranging from two to six years, before the end of the initial term.

Certain agreements require payment for available energy capacity and for certain operating costs and overheads. Additionally, certain agreements require the Group to provide a banker's guarantee in relation to contractual payments. The Group has financing arrangements with financial institutions, which guarantee access to funds by IPPs for contractually agreed payments. As at December 31, 2021, the total guarantees under Standby Letters of Credit amounted to $44.8 million (2020: $57.1 million). These facilities were not accessed during the year.

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5. Property, plant and equipment

The Group and Company

	Land & buildings $'000	Production (generation) plant & equipment $'000	Transmission and distribution plant & equipment $'000	General plant & machinery $'000	Computer equipment, office fixtures & fittings $'000	Construction work-in-progress $'000	Total $'000
Cost or valuation:							
December 31, 2019	66,572	831,514	1,302,137	41,250	105,522	48,829	2,395,824
Additions	8	17,791	11,552	522	339	50,678	80,890
Transfers	266	11,241	14,678	17	1,406	(27,608)	-
Disposals/retirements	-	(22,129)	(1,583)	(178)	(23,354)	-	(47,244)
Revaluation	14,528	-	-	-	-	-	14,528
December 31, 2020	81,374	838,417	1,326,784	41,611	83,913	71,899	2,443,998
Additions	-	3,276	7,243	385	477	57,435	68,816
Transfers	954	23,594	68,493	-	1,156	(94,197)	-
Disposals/retirements	-	-	(707)	(111)	(53)	-	(871)
December 31, 2021	82,328	865,287	1,401,813	41,885	85,493	35,137	2,511,943
Depreciation:							
December 31, 2019	15,399	665,376	792,574	36,278	97,381	-	1,607,008
Charge for the year	942	26,335	41,742	672	2,693	-	72,384
Disposals/retirements	-	(21,797)	(64)	(50)	(23,350)	-	(45,261)
December 31, 2020	16,341	669,914	834,252	36,900	76,724	-	1,634,131
Charge for the year	954	24,716	46,304	636	2,460	-	75,070
Disposals/retirements	-	-	(707)	(111)	(43)	-	(861)
December 31, 2021	17,295	694,630	879,849	37,425	79,141	-	1,708,340
Net book values:							
December 31, 2021	65,033	170,657	521,964	4,460	6,352	35,137	803,603
December 31, 2020	65,033	168,503	492,532	4,711	7,189	71,899	809,867

5. Property, plant & equipment (continued)

(a) Land and buildings include land, at valuation, aggregating approximately $41 million (2020: $41 million). Of this amount, the cost of land, amounted to $21.7 million (2020: $21.7 million). Land was revalued in 2020 by an independent professional valuator.

(b) The fair value of land is categorised as level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring fair value, as well as the significant unobservable inputs used.

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Market comparable approach: • The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable assuming no cost delay in making the substitution. • The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. • However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.	• Details of the sales of comparable properties. • Conditions influencing the sale of comparable properties. • Comparability adjustments.	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/(lower). • Comparability adjustments were higher/(lower).

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5. Property, plant & equipment (continued)

(c) Interest capitalised during construction for the year amounted to approximately $1.1 million (2020: $1.7 million). The capitalisation rate used for the year was 3.24% (2020: 3.54%)

(d) The composite rate of depreciation for the year was approximately 6.20% (2020: 6.01%).

6. Leases

(a) Amounts recognised in the statement of financial position:

(i) Right-of-use asset

	The Group				
	Land and buildings $'000	Generation equipment $'000	Motor vehicles $'000	Computer equipment $'000	Total $'000
Balance at January 1, 2020	4,160	579,848	-	110	584,118
Additions to right-of-use assets	-	-	5,655	17	5,672
Depreciation charge for the year	(541)	(37,325)	(888)	(78)	(38,832)
Balance at December 31, 2020	3,619	542,523	4,767	49	550,958
Depreciation charge for the year	(524)	(37,325)	(1,932)	(42)	(39,823)
Disposals	(7)	-	-	(1)	(8)
Balance at December 31, 2021	3,088	505,198	2,835	6	511,127

	The Company				
	Land and buildings $'000	Generation equipment $'000	Motor vehicles $'000	Computer equipment $'000	Total $'000
Balance at January 1, 2020	4,160	579,848	-	110	584,118
Additions to right-of-use assets	-	-	5,655	-	5,655
Depreciation charge for the year	(541)	(37,325)	(888)	(73)	(38,827)
Balance at December 31, 2020	3,619	542,523	4,767	37	550,946
Depreciation charge for the year	(524)	(37,325)	(1,932)	(37)	(39,818)
Disposals	(7)	-	-	-	(7)
Balance at December 31, 2021	3,088	505,198	2,835	-	511,121

6. Leases (continued)

(a) Amounts recognised in the statement of financial position (continued):

(ii) Lease liability

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current	26,970	26,478	26,964	26,473
Non-current	517,628	544,595	517,627	544,588
	544,598	571,073	544,591	571,061

(b) Amount recognised in profit or loss:

	The Group	
	2021	2020
	$'000	$'000
Depreciation charge on right-of-use asset	(39,823)	(38,832)
Interest on lease liabilities	(40,989	(42,649)
Expenses relating to short-term leases	-	(3,034)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(30)	(49)
Expenses related to variable lease payment not included in lease liabilities	(116,782)	(117,867)

	The Company	
	2021	2020
	$'000	$'000
Depreciation charge on right-of-use asset	(39,818)	(38,827)
Interest on lease liabilities	(40,988)	(42,648)
Expenses relating to short-term leases	-	(3,034)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(30)	(49)
Expenses related to variable lease payment not included in lease liabilities	(116,782)	(117,867)

(c) Amount recognised in the statement of cash flows

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Total cash outflow for lease	67,456	66,200	67,451	66,195

6. Leases (continued)

(d) Leases as lessee

The Group leases power generation facilities. A typical lease runs for a period of 20 years, with an option to renew the lease after the initial term. Lease payments are derived based on a formula set by the Regulator. The contracts provide for additional rent payments that are based on changes in local price indices.

Property leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17.

The Group leases other equipment with contract terms of one to three years. These leases are short- term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

For property leases, the Group has elected not to separate lease and non-lease components accounting for them as a single lease component.

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(e) Leases as lessor

The Group leases out certain of its owned commercial properties as well as leased property. All leases are classified as operating leases from the Group's perspective with the exception of a sub-lease, which the Group has classified as a finance sub-lease.

7. Intangible assets

This represents acquired software costs capitalised and land rights purchased as follows:

The Group and Company

	Software $'000	Land rights $'000	Total $'000
Cost or valuation:			
December 31, 2019	34,622	7,998	42,620
Additions	1,289	226	1,515
Adjustments	605	-	605
December 31, 2020	36,516	8,224	44,740
Additions	4,095	-	4,095
Disposals	(34)	-	(34)
December 31, 2021	40,577	8,224	48,801
Depreciation:			
December 31, 2019	24,751	-	24,751
Charge for the year	2,898	-	2,898
December 31, 2020	27,649	-	27,649
Charge for the year	3,213	-	3,213
Disposals	(33)	-	(33)
December 31, 2021	30,829	-	30,829
Net book values:			
December 31, 2021	9,748	8,224	17,972
December 31, 2020	8,867	8,224	17,091

Software includes software projects in development of $3.9 million (2020: $1.6 million).

8. Subsidiaries and equity-accounted investee

(a) Subsidiaries

i. South Jamaica Energy Holdings Limited (SJEH)

The Company holds 46,005 ordinary shares representing 100% ownership. During the year the Company acquired 46,004 additional ordinary class shares at $1,000 per share. Prior to this acquisition, the company held 1 ordinary share at $1 per share.

The primary activity of SJEH is the holding of an investment in South Jamaica Power Company Limited [see note 8(b)].

8. Subsidiaries and Equity-Accounted Investee (continued)

(a) Subsidiaries (continued)

ii. Caribbean Blue Skies Energy Limited

The Company holds 1 ordinary class share at $1 per share representing 100% ownership. The primary activities of Caribbean Blue Skies Energy Limited are the provision of operation and maintenance services to entities within the energy industry.

(b) Equity accounted investee – South Jamaica Power Company Limited (SJPC)

Through SJEH, the Group holds a 50% interest in SJPC. The primary activity of SJPC is the operation of a power plant pursuant to an electricity generation licence. The Group has rights to its share of the net assets/ (liabilities) of the entity. SJPC achieved its commercial operating date in December 2019.

The investment in SJPC is accounted for as an interest in associated company using the equity method. See table below:

	Interest in Associate	
	2021 $'000	2020 $'000
Balance at the start of the year	76,292	68,127
Investment during the year	-	4
Share of profit	2,420	8,161
Balance at the end of the year	78,712	76,292

The following table represents the summarised financial information for the equity-accounted investee as at the year end.

	Interest in Associate	
	2021 $'000	2020 $'000
Current assets	89,330	67,597
Non-current assets	313,641	322,785
Current liabilities	(57,352)	(44,073)
Non-current liabilities	(188,208)	(193,738)
Net assets	157,411	152,571

	Interest in Associate	
	2021 $'000	2020 $'000
Revenue	195,871	173,143
Other income	-	2,000
Profit for the year, being total comprehensive income	4,846	16,322
Group's share of total comprehensive income	2,420	8,161

8. Subsidiaries and Joint Ventures (continued)

(b) Equity-accounted investee – South Jamaica Power Company Limited (SJPC) (continued)

Reconciliation of summarised financial information to the carrying amount of the Group's interest in equity accounted investee:

	Interest in Associate	
	2021	2020
	$'000	$'000
Net Assets as at the end of the year	157,411	152,571
Carrying value	78,712	76,292
Interest in equity-accounted investee	50%	50%

9. Employee benefits

(a) Defined benefit pension plan:

The Group administers a defined-benefit pension plan for selected employees and their beneficiaries. The accumulated fund is administered by the trustees who are assisted by an independent plan administrator and three fund managers; Sagicor Life of Jamaica Limited, Victoria Mutual Pensions Management Limited and NCB Insurance Company Limited.

The administrator is Employee Benefits Administrator Limited, a wholly owned subsidiary of Sagicor Life Jamaica Limited, whose offices are located at 48 Barbados Avenue, Kingston 5, Jamaica, W.I. Effective February 1, 2007, the fund was closed to new entrants.

On retirement, a member is entitled to be paid an annual pension of 1.9% (2020: 1.9%) on the highest average of the member's annual pensionable salary during any consecutive three year period of pensionable service, multiplied by the number of years of pensionable service.

9. Employee benefits (continued)

(a) Defined benefit pension plan (continued):

The plan was approved and registered pursuant to Section 13 of the Pensions (Superannuation Funds and Retirement Schemes) Act, 2004 on December 16, 2009.

(i) Employee benefits:

	The Group and Company	
	2021	2020
	$'000	$'000
Fair value of plan assets	191,324	198,548
Present value of funded obligations	(96,426)	(91,508)
	94,898	107,040
Asset recognised	47,449	51,514

(ii) Movements in funded obligations:

	2021	2020
	$'000	$'000
Balance at beginning of year	(91,508)	(107,218)
Benefits paid	4,696	4,239
Current service cost	(1,909)	(2,538)
Interest cost	(8,466)	(7,464)
Voluntary contributions	(449)	(545)
Gain on curtailment	1,804	1,620
Remeasurement (loss)/gain on obligation for OCI	(9,839)	12,822
Exchange gain	9,245	7,576
Balance at end of year	(96,426)	(91,508)

(iii) Movements in plan assets:

	2021	2020
	$'000	$'000
Fair value of plan assets at beginning of year	198,548	228,182
Contributions paid:		
Employer	992	1,167
Employees	1,441	1,712
Interest income on assets	16,329	15,849
Benefits paid	(4,696)	(4,239)
Administrative expenses	(110)	(117)
Remeasurement loss on assets for OCI	(5,257)	(27,880)
Exchange loss	(15,923)	(16,126)
Fair value of plan assets at end of year	191,324	198,548

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9. Employee benefits (continued)

(a) Defined benefit pension plan (continued):

(iii) Movements in plan assets (continued):

	The Group and Company	
	2021	2020
	$'000	$'000
Plan assets consist of the following:		
Investments quoted in active markets:		
Equities	70,477	77,969
Government bonds	40,465	52,502
Corporate bonds and other debt securities	38,739	29,772
Pooled pension investments	22,214	19,155
Unquoted investments:		
Real estate	12,174	13,936
Net current assets	7,255	5,214
	191,324	198,548

Included in the plan assets as at December 31, 2021 are:

- Real estate occupied by the Group with a fair value of $12 million (2020: $13 million); and
- JPS 7.35% promissory notes with a fair value of $815,000 (2020: $819,000).

All investments are issued by the Jamaican government or companies domiciled in Jamaica.

(iv) Credit/(debit) recognised in the statement of profit or loss:

	The Group and Company	
	2021	2020
	$'000	$'000
Current service cost	918	2,538
Interest cost	8,466	7,464
Administrative expenses	110	117
Interest income on assets	(16,329)	(15,849)
Interest on effect of asset ceiling	414	-
Gain on curtailment	(1,804)	(1,620)
Exchange loss/(gain)	6,446	(2,432)
Total credit	(1,779)	(9,782)
Net credit recognised due to limitation	(890)	(2,884)

The credit is recognised in staff cost-other employees' costs [Note 25(b)].

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9. Employee benefits (continued)

(a) Defined benefit pension plan (continued):

(v) Remeasurement (gain)/loss recognised in other comprehensive income:

	The Group and Company	
	2021	2020
	$'000	$'000
Remeasurement loss/(gain) on obligation for OCI	9,839	(12,822)
Remeasurement loss on assets for OCI	5,257	27,880
Change in effect of asset ceiling	(5,020)	-
Exchange loss on asset and obligation for OCI	1,818	10,980
Total remeasurement loss, net	11,894	26,038
Remeasurement loss recognised due to limitation	5,947	13,019

(vi) Remeasurement loss on defined benefit obligation arising from:

	The Group and Company	
	2021	2020
	$'000	$'000
Changes in financial assumptions	(8,413)	11,344
Experience adjustments	(512)	1,478
Remeasurement (loss)/gain on defined benefit obligation	(8,925)	12,822

(vii) Remeasurement loss/(gain) on defined benefit assets arising from:

	The Group and Company	
	2021	2020
	$'000	$'000
Return on plan assets	20,180	43,729
Interest income on plan assets	(14,923)	(15,849)
	5,257	27,880

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9. Employee benefits (continued)

(a) Defined benefit pension plan (continued):

(viii) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	The Group and Company	
	2021	2020
Inflation rate	5.00%	6.00%
Discount rate	8.00%	9.00%
Future salary increases	5.00%	6.00%
Future pension increases	0.00%*	0.00%*

* 3% per annum for pensioners who retired and deferred pensioners who left before September 30, 2015.

Assumptions regarding future mortality are based on GAM(94)M and GAM(94)F tables with ages reduced by five years. The expected long-term rate of return is based on the assumed long-term rate of inflation.

The weighted average duration of the defined benefit obligation as at December 31, 2021, is 16.1 years (2020: 16.4 years).

The Group's estimated contribution for the 12 months following reporting date is $1.06 million (2020: $1.17 million).

(ix) Sensitivity analysis:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises how the defined benefit obligation measured at the reporting date would have increased/ (decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analysis for each assumption, all others were held constant.

	The Group and Company			
	2021		2020	
	Increase 0.5% $'000	Decrease 0.5% $'000	Increase 0.5% $'000	Decrease 0.5% $'000
Discount rate	90,271	103,285	85,891	97,771
Future salary growth	98,348	94,601	93,526	89,595

There were no changes to the methods used to prepare the sensitivity analyses as compared to those used in the prior year.

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9. Employee benefits (continued)

(b) Other employee benefits obligation:

	The Group and Company	
	2021 $'000	2020 $'000
Accumulated sick and vacation pay	6,589	7,375

(c) Defined contribution pension plan:

The Group's contributions to the defined contribution pension plan for the year aggregated $1.2 million (2020: $1.2 million). These are recognised in staff cost-other employees' costs [Note 25(b)] in profit or loss.

10. Net cash and cash equivalents

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash at bank and in hand	42,783	54,350	42,759	54,350

11. Restricted cash

	The Group and Company	
	2021 $'000	2020 $'000
Self-insurance sinking fund	50,446	47,511
Deposit guarantees on staff loans, IPP contracts etc.	1,001	1,001
	51,447	48,512

The self-insurance sinking fund is administered by the Company under the direction of the OUR [Note 1(b)]. The term deposits in the sinking fund earn interest at an average rate of 3.49% (2020: 3.27%) per annum.

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12. Accounts receivable

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade receivables	168,818	175,961	168,818	175,961
Allowance for impairment losses (i)	(67,625)	(64,938)	(67,625)	(64,938)
	101,193	111,023	101,193	111,023
Unbilled revenue	35,564	24,755	35,564	24,755
Prepayments	9,551	7,470	9,543	7,470
Other receivables	6,465	7,193	5,718	6,645
	152,773	150,441	152,018	149,893

Allowances for expected credit losses are determined upon origination of accounts receivable based on a model that calculates the expected credit loss ("ECL") on the accounts receivable and are revised at each reporting date.

Under the ECL model, the Group determines an average rate of ECL for each ageing bucket of receivables, considering actual credit loss experience over the last 12 months and analysis of future delinquency. The average ECL rate as at December 31, 2021 was 4.489% (2020: 4.824%) [Note 32 (a)[i].

The movement in impairment losses for trade receivables is as follows:

	The Group and Company	
	2021	2020
	$'000	$'000
Balance at beginning of year	64,938	54,375
Impairment loss recognised	9,671	17,986
Amounts recovered	(215)	(235)
Amounts written off	(6,769)	(7,188)
Balance at end of year	67,625	64,938

13. Inventories

	The Group and Company	
	2021	2020
	$'000	$'000
Fuel	5,996	4,316
Generation spares	6,323	11,335
Transmission, distribution and other spares	20,755	36,585
	33,074	52,236
Less: Allowance for impairment	(2,898)	(12,947)
	30,176	39,289

Inventories of $61 million (2020: $53 million) were recognised as inventory related expenses during the year and included in cost of sales.

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14. Share capital

	No of shares
	'000
Authorised ordinary share capital:	
Ordinary stock units at no par value	315,733
Ordinary shares at no par value	30,000,000
	30,315,733

	No of shares	2021	2020
	'000	$'000	$'000
Issued and fully paid:			
Ordinary share capital			
Ordinary stock units	315,733	5,684	5,684
Ordinary shares	21,512,462	256,102	256,102
At year end (Note 28)	21,828,195	261,786	261,786

15. Capital reserve

This represents the accumulated surplus on revaluation of land (see note 5).

16. Capital redemption reserve

This represents the reserve established to facilitate the value of the Class "G" preference shares redeemed.

17. Accounts payable and provisions

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade payables	81,073	67,712	81,073	67,712
Interest accrued on customer deposits and loans	9,710	10,482	9,710	10,482
Dividend payable (Note 29)	621	10,621	621	10,621
Other payables	20,043	21,295	19,705	21,018
Provisions (see below)	2,141	2,185	2,141	2,185
	113,588	112,295	113,250	112,018

17. Accounts payable and provisions (continued)

Movement in provisions during the year was as follows:

	The Group and Company	
	2021	2020
	$'000	$'000
At beginning of year	2,185	1,550
Provisions made during the year	143	1,078
Provisions utilised during the year	(187)	(443)
At the end of year	2,141	2,185

18. Related party balances and transactions

(a) The following balances were due from/to related parties:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
(i) Due from:				
South Jamaica Power Company Limited	1,277	1,455	1,217	1,455
South Jamaica Energy Holdings Limited	-	-	3	46,007
Maru Energy JPSCO I SRL	74	48	74	48
	1,351	1,503	1,294	47,510
(ii) Due to:				
South Jamaica Power Company Limited	23,020	25,599	23,020	25,599
Caribbean Blue Skies Energy Limited	-	-	1,274	477
EWP (Barbados) 1 SRL	481	2,516	481	2,516
	23,501	28,115	24,775	28,592

These balances are unsecured, interest-free and are payable on demand. No impairment allowance has been recognised in the current year in respect of amounts owed by related companies.

(b) Related party transactions:

(i) The Group has various ongoing transactions with related companies. These include the provision of technical support and related professional services, the acquisition of specialised equipment and spare parts and operation and maintenance support services. These transactions include charges from MaruEnergy JPSCO 1 SRL, EWP (Barbados) 1 SRL and South Jamaica Power Company of approximately $2.8 million (2020: $2.4 million) and recharges of approximately $0.9 million (2020: $1 million).

18. Related party balances and transactions (continued)

(b) Related party transactions (continued):

(ii) The Group entered into a commercial lease agreement for its Head Office land and building situated at 6 Knutsford Boulevard, Kingston 5 with The Jamaica Public Service Company Limited (JPSCO) (Original 1973) Employees' Pension Plan, a related party.

The lease agreement is for an initial lease term of ten (10) years which commenced on January 1, 2013 and is renewable for a further period of five (5) years. Rental payments for the year were $0.82 million (2020: $0.82 million).

(iii) The Group supplies electricity to related parties including the Government of Jamaica [see note 32 (a)(i)]. Total revenue from the Government for the year 2021 was $143 million (2020: $133 million).

The above transactions were executed in the ordinary course of business.

19. Customers' deposits

	The Group and Company	
	2021	2020
	$'000	$'000
Customers' deposits for electricity service (i)	16,570	16,177
Customers' advances for construction (ii)	16,134	12,986
	32,704	29,163

(i) In general, the Group requires a deposit from customers before providing service. The deposit is refundable upon termination of service subject to certain conditions. Interest is paid annually to customers and applied to their electricity accounts according to rates prescribed by the OUR [Note 1(b)], which are broadly equivalent to rates applicable to saving deposit accounts.

(ii) This represents customer advances for construction relate to non-interest-bearing deposits obtained by the Group in relation to construction projects being undertaken by potential customers. These amounts are refundable subject to certain conditions.

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20. Long-term loans

	The Group and Company 2021 $'000	2020 $'000
(i) Kreditanstalt fur Weideraudfbau of Frankfurt Government of Jamaica (KFW/GOJ), 7% fixed rate, repayable 2030 [€3.9 million (2020: €3.9 million)]	4,443	4,809
(ii) Peninsula Corporation US$10M 6.0% fixed rate, repayable 2022	10,000	10,000
(iii) NCB Syndicated J$2.45B Loan 5.96% & US$20M 5.95% fixed rate, repayable 2029 [J$4.5 billion (2020: J$4.9 billion)]	28,462	33,891
(iv) Citibank/Overseas Private Investment Corporation US$120M variable rate, repayable 2021 & 2026	75,837	102,076
(v) Caribbean Development Bank US$25M variable rate, repayable 2029	20,000	22,500
(vi) CIBC FirstCaribbean International Bank US$ 80.625M fixed rate, repayable 2029		
Tranche A - US$50.625M 6% fixed rate	41,726	47,288
Tranche B - J$1.370B 7.5% fixed rate [J$1.1 billion (2020: J$1.3 billion)]	7,361	8,937
Tranche C – US$20.0M 5.5% fixed rate	17,117	19,444
(vii) Sagicor Investments 8.4% fixed rate US$180M JMD portion, repayable 2034 [J$10.7 billion (2020: J$10.7 billion)]	67,973	73,885
(viii) Sagicor Investments 7.35% fixed rate US$180M USD portion, repayable 2029	99,053	98,890
(ix) BNS J$2.362B 5.75% fixed rate, repayable 2027 [J$2.1 billion (2020: J$2.4 billion)]	13,710	16,560
(x) BNS US$17.5M 4.75% fixed rate, repayable 2027	15,715	17,454
Total long-term loans	401,397	455,734
Less: Current portion	(45,567)	(47,469)
Non-current portion	355,830	408,265

JAMAICA PUBLIC SERVICE COMPANY LIMITED

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20. Long-term loans (continued)

(i) This loan was received from the Government of Jamaica (GOJ), based on a formal on-lending agreement dated January 17, 1996. Under the terms of the original agreement with KFW, the loan is unsecured and repayable commencing in 2010 through 2030. Interest is payable semi-annually in arrears.

(ii) This loan is unsecured and is repayable by a bullet payment at maturity in January 2022. Interest is paid quarterly at a fixed interest rate of 6%.

(iii) This loan is an unsecured Syndicated Jamaican Dollar loan and has a fixed interest rate 5.95% and 5.96%. The funds were designated for refinancing of existing loan, capital expenditure and general corporate purposes. Repayment is in quarterly instalments of J$212.46 million beginning December 2019 with bullet payment of J$1.274 billion at maturity. The amount due is carried net of debt issuance costs of $0.30 million (2020: $ 0.36 million).

(iv) This loan is unsecured and is in two tranches – $100 million from OPIC and $20 million from Citibank. The funds were designated for capital expenditure.

The OPIC tranche has a variable interest rate of 3-month LIBOR plus 5.4% and matures on December 15, 2026. The Citibank tranche has a variable rate of 3-month LIBOR and was fully repaid in December 2021. Repayment is in quarterly instalments beginning March 2020. The amount due is carried net of debt issuance costs of $1.1 million (2020: $1.66 million).

(v) This loan is unsecured and has a variable rate calculated using a spread of 1.24% over the weighted cost of borrowings for the previous three-month period. The utilisation of the funds is restricted to the Street Lighting Retrofitting Project. There is a two-year moratorium on the principal beginning January 2020, with interest payment quarterly. Repayment will be in forty (40) equal instalments of $0.625 million.

(vi) This loan is unsecured and is in three tranches – US$50.625 million (Tranche A) with a fixed rate of 6% for the first five years and J$1.370 billion (US$10 million equivalent) – (Tranche B) with a fixed rate of 7.5% for the first five years and US$20 million with a fixed rate of 5.5% (Tranche C). Thereafter, interest is paid at a variable rate of 3-month LIBOR plus 3.5% on Tranche A and WATBY plus 4.50% on Tranche B and 3-month LIBOR plus 2.8% on Tranche C. Principal is repaid in quarterly instalments of US$2.24 million and J$38.05 million respectively commencing January 2020. Interest is paid quarterly. The amount due is carried net of debt issuance costs, in the amount of $0.57 million. (2020: $0.66 million).

(vii) Sagicor US$180 million (JMD portion - J$10.68 billion) – This loan is unsecured and has a fixed rate of 8.4% with a 5-year moratorium on the principal. The funds were utilised for liquidating and refinancing of existing debt. Quarterly principal repayment of J$267 million will begin in May 2024 with maturity in February 2034. The amount due is carried net of debt issuance costs of $0.89 million. (2020: $0.98 million)

(viii) Sagicor US$180 million (USD portion - US $100 million) – This loan is unsecured and has a fixed rate of 7.35% with a 5-year moratorium on the principal. The funds were utilised for liquidating and refinancing of existing debt. Quarterly principal repayment of US$5 million will begin in May 2024 with maturity in February 2029. The amount due is carried net of debt issuance costs of $0.95 million. (2020: $1.11 million).

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20. Long-term loans (continued)

(ix) This loan is unsecured and has a fixed rate of 4.75%. The funds were utilised for general corporate purposes. There is a six-month moratorium with semi-annual principal repayment of US$875k to begin January 2021 and mature in July 2027. The amount carried is net of debt issuance costs of $0.04 million.

(x) This loan is unsecured and has a fixed rate of 5.75%. The funds were utilised for general corporate purposes. There is a six-month moratorium with semi-annual principal repayment of JS$118.125 million to begin January 2021 and mature in July 2027.

21. Preference shares

This comprises cumulative preference shares as follows:

	The Group and Company			
	Number of shares			
	2021	2020	2021	2020
	'000	'000	$'000	$'000
7% Class B shares	420	420	38	38
5% Class C shares	66	66	6	6
5% Class D shares	680	680	61	61
6% Class E shares	300	300	27	27
9.5% Class F shares	2,456	2,456	24,556	24,556
	3,922	3,922	24,688	24,688

The preference shares listed as Classes B, C, D and E are cumulative non-voting and are preferred only in respect of return of capital and any dividends in arrears on a winding up. Dividends on these shares are payable quarterly at fixed rates per annum in Jamaica dollars.

Class F preference shares are listed on the Jamaica Stock Exchange and are non-redeemable. The significant terms and conditions of these shares are as follows:

(i) Priority of payment to receive all dividends over any form of capital distributions;

(ii) Full voting rights on winding up;

(iii) Ranking in priority to ordinary shares and stock units in issue (but behind preference shares listed as classes B, C, D and E) in the event of a winding up; and

(iv) Dividends are payable quarterly at fixed rates per annum in Jamaica dollars indexed to the United States dollar.

Preference shares have been classified in these financial statements as financial liabilities.

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22. Deferred taxation

Deferred taxation relates to:

	The Group and Company						
	Balance at December 31 2019	Recognised in profit or loss [Note 27(a)]	Recognised in other comprehensive income	Balance at December 31 2020	Recognised in profit or loss [Note 27(a)]	Recognised in other comprehensive income	Balance at December 31, 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits, net	(17,493)	(1,560)	4,340	(14,713)	(889)	1,982	(13,620)
Unrealised foreign exchange gains	(2,946)	685	-	(2,261)	3,822	-	1,561
Property, plant & equipment	(38,080)	(4,272)	-	(42,352)	1,241	-	(41,111)
Right-of-use assets	(194,706)	11,058	-	(183,648)	13,275	-	(170,373)
Lease obligations	196,318	(5,965)	-	190,353	(8,823)	-	181,530
Accounts payable	7,045	6,444	-	13,489	(282)	-	13,207
Other	2,504	4,209	-	6,713	(3,048)	-	3,665
	(47,358)	10,599	4,340	(32,419)	5,296	1,982	(25,141)

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23. Decommissioning provision

	The Group and Company	
	2021	2020
	$'000	$'000
Decommissioning obligation at the beginning of the year	27,010	10,041
Additional provision recognised	-	16,569
Unwinding of discount (included in finance costs)	732	430
Provision utilised during the year	-	(30)
	27,742	27,010

The Group estimates the total undiscounted cash flows required to settle its decommissioning obligations is approximately $37.6 million (2020: $37.6 million), which will be incurred between 2022 and 2024.

24. Operating revenue

The Group's revenue arises from the supply of electricity services in accordance with the Licence [Notes 1(a) and 1(b)] and the provision of operation and maintenance services to other parties.

25. Expenses

(a) Cost of sales

	The Group and Company	
	2021	2020
	$'000	$'000
Fuel	472,453	406,047
Purchased power (excluding fuel) [Note 4]	123,045	116,388
Other	378	2,653
	595,876	525,088

(b) Operating expenses

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Depreciation and amortisation	118,107	114,114	118,101	114,109
Staff cost – Other employees' costs	55,623	57,081	52,023	54,308
Staff cost – Key management	1,774	1,507	1,774	1,507
Directors' fees and emoluments	63	51	63	51
Repairs and maintenance	6,518	7,211	6,518	7,211
Selling expense (advertising and marketing)	671	451	671	451
Audit fees	218	172	218	172
General expenses	58,629	53,188	56,668	50,904
	241,603	233,775	236,036	228,713

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25. Expenses (continued)

(c) Net finance costs (continued)

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Realised foreign exchange losses, net	(11,712)	(12,111)	(11,712)	(12,111)
Unrealised foreign exchange gains, net	5,897	4,776	5,897	4,776
Foreign exchange losses, net	(5,815)	(7,335)	(5,815)	(7,335)
Other finance costs:				
Short-term loans	-	(51)	-	(51)
Long-term loans	(26,965)	(31,691)	(26,965)	(31,691)
Leases	(40,989)	(42,649)	(40,988)	(42,648)
Customer deposits	(194)	(509)	(194)	(509)
Bank overdraft and other	(798)	(474)	(798)	(474)
Preference dividends	(2,334)	(2,340)	(2,334)	(2,340)
Debt issuance costs and expenses	(990)	(1,527)	(990)	(1,527)
Other debt expenses	(497)	(732)	(496)	(732)
	(72,767)	(79,973)	(72,765)	(79,972)
	(78,582)	(87,308)	(78,580)	(87,307)
Finance income:				
Interest income	5,004	5,329	5,004	5,329
Interest capitalised during construction [Note 5(c)]	1,140	1,668	1,140	1,668
	6,144	6,997	6,144	6,997
	(72,438)	(80,311)	(72,436)	(80,310)

Interest income arises materially from treasury transactions entered into in the ordinary course of business.

26. Other income and expenses

(a) Other income comprises:

	The Group and Company	
	2021	2020
	$'000	$'000
Rental income	144	101
Credit balances and other deposits written off	346	80
Proceeds from scrap sales and other settlements	2,356	4,559
	2,846	4,740

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26. Other income and expenses (continued)

(b) Other expenses comprise:

	The Group and Company	
	2021	2020
	$'000	$'000
Miscellaneous expenses	2,210	762
Restructuring costs	4,739	5,900
Inventory and other costs written off	916	1,997
Loss on disposal of property, plant and equipment	11	131
	7,876	8,790

27. Taxation

(a) Taxation is computed at 33⅓% of the results for the year, adjusted for tax purposes and comprises:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current tax expense:				
Current income tax expense	14,369	15,143	14,119	14,957
Deferred tax:				
Origination and reversal of temporary differences (Note 22)	(5,296)	(10,599)	(5,296)	(10,599)
Taxation expense	9,073	4,544	8,823	4,358

(b) Reconciliation of tax expense:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Profit before taxation	51,171	35,657	47,483	26,751
Computed "expected" tax at 33⅓%/ 25%	16,952	11,886	15,828	8,917
Tax effect of differences between profit for financial statements and tax reporting purposes in respect of:				
Investment allowances	(3,752)	(4,245)	(3,752)	(4,245)
Loan fees disallowed	400	571	400	571
Unrealised foreign exchange gains/losses on capital items, net	(3,526)	(2,277)	(3,526)	(2,277)
Share of results of interest in Equity-accounted investee	(807)	(2,720)	-	-
Other	(194)	1,329	(127)	1,392
Taxation expense	9,073	4,544	8,823	4,358

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28. Earnings per share (EPS)

EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

	The Group	
	2021	2020
	$'000	$'000
Profit for the year	42,098	31,113
Number of shares (shown in thousands - Note 14)	21,828,195	21,828,195
Earnings per share/stock unit	0.19¢	0.14¢

29. Dividends

(a) Dividends on ordinary shares:

	2021	2020
	$'000	$'000
Interim dividend - 0.00013744¢ (2020: Nil) per ordinary share-gross	3,000	-
Final dividend- 0.00032069¢ (2020: 0.0045812¢) per ordinary share-gross	7,000	10,000*
	10,000	10,000

*Paid in 2021

(b) Dividends on cumulative preference shares accrued at December 31, 2021 amounted to $0.6 million (2020: $0.6 million) [see note 17].

30. Commitments for expenditure

As at December 31, 2021, commitments for capital expenditure, for which no provision has been made in these financial statements, amounted to approximately $10.4 million (2020: $5.2 million). At the reporting date, the Group has sufficient cash resources to fulfil these commitments.

31. Contingent liabilities and asset

As at December 31 2021, the Group is subject to various lawsuits in the normal course of business. The outcome of these lawsuits cannot be determined with certainty. However, where in the opinion of management and its legal counsel, it is more likely than not that an outflow of resources by the Group will occur and the amount can be determined, a provision is made.

As at December 31, 2021, provisions of $2.1 million (2020: $2.2 million) relating to pending legal actions, were made in the financial statements (Note 17).

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Notes to the Financial Statements (continued)
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32. Financial instruments

(a) Financial risk management:

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

- Credit risk
- Liquidity risk
- Market risks

This note presents information about the Group's exposure to each of the above risks arising in the ordinary course of the Group's business, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors, in managing the business of the Group, oversees the Group's risk management framework. Key management has responsibility for monitoring the Group's risk management policies in their specified areas and report quarterly to the Board of Directors on their activities.

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 risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Group, through training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Group's directors have monitoring oversight of the risk management policies and are assisted in these functions by the Group's internal audit department. The internal audit department undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(i) 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 trade receivables and other financial assets, which is stated net of an allowance for impairment losses.

As part of its management of credit risk, the Group requires account deposits from certain customers. Additionally, management has processes in place for the prompt disconnection of services to, and recovery of amounts owed by defaulting customers.

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Notes to the Financial Statements (continued)
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32. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Trade Receivables

The aged receivable balances are regularly monitored. Allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are updated over the lifetime of the receivables.

Expected credit loss assessment for trade receivables as at December 31, 2021

The Group estimates expected credit losses ("ECL") on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL for trade receivables.

	The Group and Company			
	2021			
Age buckets	Computed ECL rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
1 - 30 days	3.480%	92,965	3,231	No
31-60 days	13.990%	4,017	562	No
61-90 days	29.970%	2,184	655	No
Over 90 days	90.698%	69,652	63,177	Yes
		168,818	67,625	

	The Group and Company			
	2020			
Age buckets	Computed ECL rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
1 - 30 days	4.073%	65,529	2,669	No
31-60 days	4.846%	6,995	339	No
61-90 days	18.919%	3,478	658	No
Over 90 days	61.296%	99,959	61,272	Yes
		175,961	64,938	

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32. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

The Group considers concentrations of risk by reference to the amount of exposure it has to individual customers, including their related parties. At December 31, 2021, the Group had significant concentrations of credit risk in respect of amounts receivable from the Government of Jamaica and its affiliates, in respect of electricity charges, aggregating $17.4 million (2020: $23.8 million).

Restricted cash, cash and cash equivalents

Cash and short-term deposit balances are managed by the Group's Treasury department and amounts are held with reputable banks and financial institutions with high credit ratings and considered to have minimal risk of default.

Maximum exposure to credit risk

Impairment on restricted cash, cash and cash equivalents have been measured at 12 months ECL and reflects the short maturities of the exposures. The Group considered that cash and cash equivalents have low credit risk and therefore the ECL on such financial assets is immaterial.

(ii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Key management of the Group aims at maintaining flexibility in funding by keeping lines of funding available as well as by acquiring and maintaining prudent cash resources in appropriate currencies.

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32. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

For example, the Group's Treasury department receives and monitors information from other departments regarding the liquidity profile of their financial assets and liabilities and maintains a portfolio of short-term liquid assets and loans to ensure that sufficient liquidity is maintained within the Group as a whole. As at December 31, 2021, the Group had unutilised lines of credit aggregating $68.8 million (2020: $45.3 million).

An analysis of the contractual maturities of the Group's financial liabilities is presented below. The analysis is provided by estimating the timing of payment of the amounts recognised in the statement of financial position.

	The Group						
	2021						
		Contractual undiscounted cash flows					
	Carrying amount $'000	Total cash outflow $'000	Less than 1 year $'000	1-2 years $'000	3-5 years $'000	6-10 years $'000	More than 10 years $'000
Accounts payable*	111,451	111,451	111,451	-	-	-	-
Long-term loans	401,397	524,315	70,137	89,580	129,187	184,111	51,299
Lease obligations	544,598	908,548	76,414	75,073	202,963	281,574	272,524
Preference shares	24,688	59,698	2,334	2,334	7,002	11,670	36,358
Due to related parties	23,501	23,501	23,501	-	-	-	-
Customer deposits	5,967	34,673	179	179	537	17,029	16,749
Total financial liabilities	1,111,602	1,662,186	281,016	167,166	339,689	494,384	376,930

	2020						
		Contractual undiscounted cash flows					
	Carrying amount $'000	Total cash outflow $'000	Less than 1 year $'000	1-2 years $'000	3-5 years $'000	6-10 years $'000	More than 10 years $'000
Accounts payable*	110,110	110,110	110,110	-	-	-	-
Long-term loans	455,734	622,266	82,244	104,734	114,758	259,849	60,680
Lease obligations	571,073	986,633	77,987	76,416	216,436	289,908	325,886
Preference shares	24,688	56,698	2,334	2,334	7,002	11,670	36,358
Due to related parties	28,115	28,115	28,115	-	-	-	-
Customer deposits	29,163	32,969	346	346	1,038	14,716	16,523
Total financial liabilities	1,218,883	1,836,791	301,135	183,830	339,234	576,143	439,447

*Excludes provisions

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32. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

The Company

2021

	Carrying amount $'000	Total cash outflow $'000	Less than 1 year $'000	1-2 years $'000	3-5 years $'000	6-10 years $'000	More than 10 years $'000
	Contractual undiscounted cash flows						
Accounts payable*	111,109	111,109	111,109	-	-	-	-
Long-term loans	401,397	524,314	70,137	89,580	129,187	184,111	51,299
Lease obligations	544,591	908,541	76,407	75,073	202,963	281,574	272,524
Preference shares	24,688	59,698	2,334	2,334	7,002	11,670	36,358
Due to related parties	24,775	24,775	24,775	-	-	-	-
Customer deposits	32,704	34,673	179	179	537	17,029	16,749
Total financial liabilities	1,139,264	1,663,110	284,941	167,166	339,689	494,384	376,930

2020

	Carrying amount $'000	Total cash outflow $'000	Less than 1 year $'000	1-2 years $'000	3-5 years $'000	6-10 years $'000	More than 10 years $'000
	Contractual undiscounted cash flows						
Accounts payable*	109,833	109,833	109,833	-	-	-	-
Long-term loans	455,734	622,266	82,244	104,734	114,758	259,849	60,680
Lease obligations	571,061	986,619	77,981	76,409	216,436	289,908	325,885
Preference shares	24,688	59,698	2,334	2,334	7,002	11,670	36,358
Due to related parties	28,592	28,592	28,592	-	-	-	-
Customer deposits	29,163	32,969	346	346	1,038	14,716	16,523
Total financial liabilities	1,219,071	1,839,977	301,330	183,823	339,234	576,143	439,446

*Excludes provisions

The preference shares have no specific maturity dates.

(iii) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the value of the Group's assets, the amount of its liabilities and/or the Group's income. Market risk arises in the Group due to fluctuations in the value of assets and liabilities.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2021
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

The nature of the Group's exposures to market risks and its objectives, policies and processes for managing these risks have not changed significantly over the prior year.

For each of the major components of market risk, the Group has policies and procedures in place which detail how each risk is managed and monitored. The management of each of these major components of market risk and the exposure of the Group at the reporting date to each major risk are addressed below.

At December 31, 2021, the Group had no exposure to market risk relating to changes in equity prices.

- *Interest rate risk:*

  Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group contracts financial liabilities at fixed or floating interest rates. These primarily relate to loans, customer deposits, certain trade payables and bank overdrafts.

  The maturity profiles and interest rates of the Group's borrowings are disclosed in Note 20, and the details of customer deposits in Note 19.

  Interest bearing financial assets relate to cash and cash equivalents.

At December 31, 2021, the interest profile of the Group's interest-bearing financial instruments was:

	The Group and Company Carrying amount 2021 $'000	2020 $'000
Total debt		
Fixed rate instruments:		
Financial assets	51,546	48,618
Financial liabilities	(330,248)	(355,847)
Variable rate instruments:		
Financial liabilities	(112,407)	(140,753)

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2021
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued)

- *Interest rate risk (continued):*

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 (2020: 100) basis points in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	The Group and Company			
	Effect on profit or loss			
	2021		2020	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	$'000	$'000	$'000	$'000
Cash flow sensitivity (net)	(1,124)	1,124	(1,408)	1,408

- *Foreign currency risk:*

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

The Group incurs foreign currency risk primarily on the settlement of accounts receivable, accounts payable and borrowings that are denominated in a currency other than the United States dollar. The currencies giving rise to significant foreign currency risk are the Jamaica dollar (J$) and Euro (€).

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2021
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued)

- *Foreign currency risk (continued):*

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

	The Group			
	2021			
	J$	€	£ equivalent	US$
	$'000	$'000	$'000	$'000
Cash and cash equivalents	6,013,107	-	-	38,772
Trade and other receivables	22,944,979	-	-	147,948
Accounts payable	(9,178,365)	(5,340)	(10)	(65,505)
Long-term loans	(18,408,653)	(3,879)	-	(123,142)
Customer deposits	(5,072,011)	-	-	(32,704)
	(3,700,943)	(9,219)	(10)	(34,631)

	The Group			
	2020			
	J$	€	£	US$ equivalent
	$'000	$'000	$'000	$'000
Cash and cash equivalents	6,060,153	-	-	42,483
Trade and other receivables	20,234,348	-	-	141,847
Accounts payable	(6,974,280)	(5,057)	(1)	(55,161)
Long-term loans	(19,221,957)	(3,879)	-	(139,558)
Customer deposits	(4,160,021)	-	-	(29,163)
	(4,061,757)	(8,936)	(1)	(39,552)

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2021
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued)

- *Foreign currency risk (continued):*

The Company

	2021			
	J$	€	£	US$ equivalent
	$'000	$'000	$'000	$'000
Cash and cash equivalents	6,009,316	-	-	38,748
Trade and other receivables	22,934,781	-	-	147,883
Accounts payable	(9,148,282)	(5,340)	(10)	(65,091)
Long-term loans	(18,408,653)	(3,879)	-	(123,142)
Customer deposits	(5,072,011)	-	-	(32,704)
	(3,684,849)	(9,219)	(10)	(34,306)

	2020			
	J$	€	£	US$ equivalent
	$'000	$'000	$'000	$'000
Cash and cash equivalents	6,060,153	-	-	42,483
Trade and other receivables	20,233,207	-	-	141,839
Accounts payable	(6,947,747)	(5,057)	(1)	(54,972)
Long-term loans	(19,221,957)	(3,879)	-	(139,558)
Customer deposits	(4,160,021)	-	-	(29,163)
	(4,036,365)	(8,936)	(1)	(39,371)

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2021
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued)

- *Foreign currency risk (continued):*

Sensitivity analysis:

An 8% (2020: 6%) strengthening of the United States dollar against the Jamaica dollar and the Euro would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	The Group and Company			
	2021		2020	
	Equity $'000	Profit/(loss) $'000	Equity $'000	Profit/(loss) $'000
J$	1,760	1,760	1,956	1,956
Euro (€)	782	782	627	627
Total	2,542	2,542	2,583	2,583

A 2% (2020: 2%) weakening of the United States dollar against the Jamaica dollar and the Euro respectively, at year end would have the opposite effect, on the basis that all other variables remain constant.

	The Group and Company			
	2021		2020	
	Equity $'000	Profit $'000	Equity $'000	Profit $'000
J$	(485)	(485)	(705)	(705)
Euro (€)	(216)	(216)	(226)	(226)
Total	(701)	(701)	(931)	(931)

(b) 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 including regulatory risk, 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 behavior.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2021
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(b) Operational risk (continued):

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its 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 senior management within the Group.

(c) Capital management:

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To enable creditor and market confidence by maintaining an optimal capital structure
- To maintain a strong capital base to support the development of its business and compliance with loan covenants; and
- To comply with the operational requirements set by the regulators.

The Group monitors capital on the basis of debt to equity which is calculated as long term debt divided by shareholders' equity.

There were no changes in the Group's approach to capital management during the year.

(d) Fair value disclosure:

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. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models. Management assessed that the carrying amounts of cash and cash equivalents, accounts receivable, related party balances, bank overdraft, accounts payable and short-term loan approximate their fair values largely due to the short-term maturities of these instruments. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2021
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(d) Fair value disclosure (continued):

The fair value of customer deposits and refundable customer advances cannot practically be determined, as payment dates and amounts are not determinable.

Other investment instruments are valued using the following techniques:

- Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids).
- Using this yield, determine price using accepted formula.
- Apply price to estimate fair value.

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	The Group and Company			
	2021		2020	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial liabilities:				
Preference shares	24,688	30,960	24,688	29,647
Long term loans	405,224	487,145	455,734	568,399

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2021
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(d) Fair value disclosure (continued):

The following table provides the fair value measurement hierarchy of the Group's liabilities.

	The Group and Company 2021		
	Level 1 $'000	Level 2 $'000	Total
Liabilities for which fair values are disclosed:			
Preference shares	(30,960)	-	(30,960)
Long term loans	-	(487,145)	(487,145)
	(30,960)	(487,145)	(518,105)

	The Group and Company 2020		
	Level 1 $'000	Level 2 $'000	Total
Liabilities for which fair values are disclosed:			
Preference shares	(29,647)	-	(29,647)
Long term loans	-	(568,399)	(568,399)
	(29,647)	(568,399)	(598,046)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Jamaica Public Service Company Limited will be held on Friday, **29th day of July, 2022** at the Company's registered office, 6 Knutsford Boulevard, Kingston 5 commencing at **10:00 a.m.** for the following purposes:

1. **TO RECEIVE THE ACCOUNTS**

To receive the Audited Accounts for the year ended December 31, 2021 and the Reports of the Directors and Auditors thereon and to consider and if thought fit pass the following resolution:

i. That the Accounts for the year ended December 31, 2021 together with the Reports of the Directors and Auditors thereon be approved and adopted.

2. **TO APPROVE and RATIFY DIVIDEND**

i. RESOLVED that this Board HEREBY APPROVES the payment of an interim dividend of the Jamaican equivalent of Three Million United States Dollars (US$3,000,000.00) or 0.00013743692 United States cents per share/stock on the Ordinary Stock/Shares of the Company at the rate of exchange of the Bank of Jamaica's daily weighted average selling rate on the 30th day of July 2021 payable on the 27th day of August 2021 to share/stockholders registered at close of business on the 30th day of July 2021. Such amount having been distributed out of retained earnings.

ii. RESOLVED that this Board HEREBY APPROVES a final dividend of the Jamaican equivalent of Seven Million United States Dollars (US$7,000,000.00) or 0.00032069 United States cents per share/stock on the Ordinary Stock/Shares of the Company at the rate of exchange of the Bank of Jamaica's daily weighted average selling rate on the 17th day of December 2021 payable on the 22nd day of December 2021 to share/stockholders registered at close of business on the 17th day of December 2021. Such amount having been distributed out of retained earnings.

3. **TO ELECT DIRECTORS**

a. In accordance with Articles 117 and 119 of the Company's Articles of Incorporation, Director Charles Johnston, C.D., having been appointed to the Board shall cease to hold office and being eligible, offer himself for re-election.

i. "That Hon. Charles Johnston, C.D. (EWP (Barbados) 1, SRL) is hereby re-elected a Director of the Company".

b. In accordance with Articles 62, 86 and 123 of the Company's Articles of Incorporation, Directors Yong Hyun Kim, Emanuel DaRosa, Dong Uk Kim (Alternate Director), Hyung Chae Yang (Alternate Director), and Yu Numasawa (Alternate Director) having been appointed to the Board since the last Annual General Meeting shall cease to hold office and being eligible, offer themselves for election.
The Company is asked to consider, and if thought fit pass the following resolutions:

i. “That Yong Hyun Kim, EWP (Barbados) 1, SRL, is hereby elected a Director of the Company and Chairman of the Board of Directors”;

ii. “That Emanuel DaRosa, EWP (Barbados) 1, SRL, is hereby elected a Director of the Company”;

iii. “That Dong Uk Kim, EWP (Barbados) 1, SRL, is hereby elected an Alternate Director of the Company”;

iv. “That Hyung Chae Yang, EWP (Barbados) 1, SRL, is hereby elected an Alternate Director of the Company”; and

v. “That Yu Numasawa, MaruEnergy JPSCO 1, SRL is hereby elected an Alternate Director of the Company”.

4. **TO AUTHORIZE DIRECTORS TO APPOINT AUDITORS AND FIX THEIR REMUNERATION.**

5. **ANY OTHER BUSINESS FOR WHICH DUE NOTICE HAS BEEN GIVEN**.

DATED THIS 30th DAY OF MARCH, 2022

BY ORDER OF THE BOARD

Melanie A. Gilchrist

Secretary

Form of Proxy

I/WE……………………………………………………………… of ……………………………………………… being a member/members of the above Company hereby appoint the Chairman of the meeting or failing him ………………………………………………………..of…………………………. as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the **29th** day of **July, 2022** at **10:00 a.m.** and at any adjournment thereof.

RESOLUTION	FOR	AGAINST
Resolution 1		
Resolution 2(i)		
Resolution 2(ii)		
Resolution 3(a)(i)		
Resolution 3(b)(i)		
Resolution 3(b)(ii)		
Resolution 3(b)(iii)		
Resolution 3(b)(iv)		
Resolution 3(b)(v)		
Resolution 4		
ANY OTHER BUSINESS		

DATED THE DAY OF 2022

…………………………………………………………

(signature)

…………………………………………………………

(signature)

1. If you wish to appoint a proxy other than the Chairman of the Meeting, please insert the person’s name and address and delete the words “the Chairman of the Meeting or failing him”. Initial the deletion.
2. Any alteration to this form of proxy should be initialled.
3. If the appointer is a corporation this form of proxy must be UNDER ITS COMMON SEAL or under the hand of some officer or attorney of the corporation DULY AUTHORIZED IN WRITING.
4. In case of joint holders the vote of the person whose name stands first on the Register will be accepted in preference to the vote of the other holders.
5. To be effective this form of proxy and the power of attorney or other (if any) under which it is signed or a notarially certified copy, of that power or authority must be deposited at Jamaica Public Service Company Limited, 6 Knutsford Boulevard, Kingston 5 for the attention of the Secretary not less than forty-eight (48) hours before the time for the holding of the meeting.

2021 ANNUAL REPORT

Leading the Charge Through Transformation