Leading the Charge
Through Transformation

Annual Report 2022

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This year's cover features artwork from a mural along the Art Walk in downtown Kingston, Jamaica. The piece is entitled *Freedom and Happiness*, and represents striving towards a brighter day and better tomorrow in the face of adversity. The artist, Richard Smith, is a graduate of Edna Manley College of the Visual and Performing Arts where he majored in illustration and graphic design. Layered on top of the mural is a map showing the grid of the intertwining roads of downtown Kingston — where the artwork featured throughout this report can be found.

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.

For almost a century, JPS has been a driver of national development and transformation - leading the charge with our energy. We are proud to have provided the vital support required to fuel the dreams of generations of Jamaicans, as they championed us through waves of commerce, industry, innovation and extraordinary progress. As we reflect on another year of partnership with the communities we serve, nothing visually captures the journey towards our bold vision for our nation's future like the vibrancy of the 'street art', colourfully displayed in the heart of downtown Kingston.

The inspired hands that created the melding of colours, techniques and textures against the historic walls give us pause to celebrate the differences among all Jamaicans that make us unique. A symphony without sound. A chorus without words. We invite you to enjoy a different type of *energy*, as you walk the pages of our annual account of another year of service and gratitude to you.

Table of Contents

Jamrock (2023), Pamella Chang,
Art Walk, Downtown Kingston, Jamaica

2022: Year in Review

6 Electric Vehicles

purchased in 2022
for use in field services
and other operations

US$238 M

Net Cash from
Operations

US $1.2 B

Group Operating Revenue

Received the ***Most Valuable Global Customer Award*** for innovation in the implementation of our Grid Management System in 2022

↑2.5%

increase in
Group Total Assets

US $15 M

Dividends Paid to Shareholders

↑3%

increase in Electricity Demand

+420k MyJPS mobile app users

↑7%

increase in Shareholders' Equity

+10,000

trees planted to help protect Jamaica's forest reserves

Chairman & CEO's Message to Shareholders

Left: President & CEO, Michel Gantois. Right: Chairman of the Board, Yong Hyun Kim
Freedom and Happiness (2020), Richard Smith
Art Walk, Downtown Kingston, Jamaica

War

In February 2022, Russia invaded Ukraine. The price of the fuel we import to produce electricity in Jamaica increased immediately. This in turn fed into markedly higher electricity tariff for our customers, further increasing the theft of electricity, payment delinquency, and the incentive for large commercial customers to consider defecting from the grid and supplying their own electricity. The war also threatened the availability of goods and services needed to operate, maintain and upgrade the equipment that produces and supplies electricity. Our suppliers announced lengthy delays for even the items we procure routinely.

Like many other countries, Jamaica found innovative ways to protect the most vulnerable during this crisis. To cushion the impact of spiralling energy costs, JPS partnered with the Government of Jamaica to develop and successfully implement the *GOJ Energy Co-Pay Programme*. Over a four-month period, the Government paid a portion of the electricity bills of more than two-thirds of our customers. This partnership averted what could have been widespread social and economic disruption.

The impact of the war on fuel costs pushed Jamaica to reconsider its energy security strategy. The Government indicated its intention to accelerate the addition of renewables power assets to the national energy mix. In quick response, JPS submitted a proposal to the Government to include renewables assets to replace plants due for retirement. We keep working with the Government on the next steps and stand ready to start work on the new plants in 2023.

Financial Performance

The Jamaican economy continued its recovery from the Covid period. Electricity demand increased by 3% between 2021 and 2022. This is still 3% below the pre-Covid year of 2019, but a welcome improvement nonetheless.

JPS saw its total revenue increase from US$973 million in 2021 to US$1,163 million in 2022, a 20% increase.

This translated into a 2% decrease in EBITDA from US$244 million in 2021 to US$239 million in 2022. Our net income improved, from US$42.1 million in 2021 to US$54.4 million in 2022. We benefited from an increase in demand for electricity and an increase in tariff. We succeeded in keeping our costs under control, despite the need to adjust the compensation for our employees and contractors to reflect strong inflationary pressures in 2022.

Our capital expenditures were US$85 million in 2022, compared to US$72 million in 2021. This included US$25 million invested in maximizing the performance of power generating plants. The Transmission and Distribution systems saw investments of US$29 million, aimed at improving the reliability and quality of power supplied to customers. We invested a further US$9 million to drive digital transformation and continue our grid modernization efforts. US$22 million was invested in deploying 65,000 smart meters and connecting new customers to the grid.

Our Customers

In 2022, we gave our customers more choice and more control. We introduced more self-service options for customers to do business at their convenience. We took our mobile offices to customers in rural communities across the island.

The new MyJPS Mobile App became the central pillar of our digital transformation. Introduced in 2020, the App allows customers to track their energy usage, make and track reports, check balances and pay their bills. More than 420,000 customers are now registered users of the App, with a significant percentage being from the older demographics.

Winners in the Mobile App and Prepaid promotions celebrate with JPS Team members

Our service improvement efforts are paying off. Customers were more satisfied with how we served them in 2022. The satisfaction level among our Residential Customers was 64% in 2022, compared to 60% in 2021. Average satisfaction among Commercial and Industrial customers was 74% in 2022, compared to 69% in 2021.

JPS' digital transformation journey also attracted international attention. Our partnership with Amazon Web Services (AWS) resulted in more convenient digital channels for customers, and greater efficiency for the company. Our journey became a documented case study, which is being used as a benchmark for other utilities.

We distinguished ourselves in grid management, as we took steps to modernise our systems to deliver more reliable energy and services to customers. Open Systems International (OSI) recognized JPS as a global game changer, with the Most Valuable Global Customer Award for innovation in the implementation of our Grid Management System.

But we are not resting. We continue to look at ways to improve our service to customers: faster response time to their requests and complaints, better and more frequent updates about their bills and consumption, fewer interruptions in power supply, and more precise information about resolution times for outages.

Electric Vehicles

JPS is leading Jamaica's transition to electric mobility. We established new partnerships for the expansion of our charging infrastructure. By the end of 2022, we had commissioned a total of ten *JPS Charge N Go* charging stations - up from five the previous year. In 2023 we will install 10 more charging stations

We also started the phased electrification of our own fleet of vehicles. We purchased six electric vehicles to replace older internal combustion engine (ICE) vehicles in field services and other operations. We plan to replace more ICE vehicles with electric ones in 2023.

Through our partnership with the Inter-American Development Bank (IDB) Lab, we established EV training curricula for first responders and technicians, certified by the Institute of the Motoring Industry (IMI). This was done through project "*eDrive*" which is being implemented by the JPS Foundation. This project, jointly funded by JPS and the IDB Lab, started to prepare entrepreneurs for opportunities in the emerging sector, with a Boot Camp and Innovation Challenge. Project *eDrive* is also providing internships for university students to be part of Jamaica's transportation electrification journey.

Team JPS promoting electric mobility at the Caribbean Centre for Renewable Energy & Energy Efficiency (CCREEE) forum at the University of the West Indies (UWI)

Dionne Nugent, Director - Business Development, shares JPS' plans for expanding its EV charging network, at the regional electric mobility forum in November 2022.

Official launch of eDrive's training programme for EV Technicians and First Responders: *Gary Barrow - Chief Operating Officer, JPS (right), enjoys a moment with Michael McMorris – President of the Jamaica Chamber of Commerce and Roberto Aiello - Principal Regional Energy Specialist, IDB.*

Pursuing New Opportunities

We expanded our reach into adjacent businesses. We started selling steam from our first Combined Heat and Power (CHP) distributed generation plant to agricultural processing enterprise, CB Group, for use in their processing plant.

Our collaboration with the CB Group went further – to include support for entrepreneurs in the agro-business sector. CB Group chose JPS to outfit farmers in their supply chain with solar generating systems. We equipped the operations of six chicken farmers with renewable systems, enabling them to generate their own energy and operate more efficiently. The transition to renewable energy is expected to reduce their costs by 40%. The farmers will also be able to sell their excess energy from the solar system to the grid under approved Net Billing Licences. This is another avenue for JPS to support the integration of more renewables on the grid.

A view of the JPS 10MW Combined Heat & Power (CHP) Plant providing electricity and steam to the CB Group's processing plant.

Theft of Electricity

In 2022 we made some headway in stalling the increase in theft, which had spiked with the Covid-19 pandemic. We pressed ahead with a combination of radical approaches. More persons were able to get legal electricity through a range of social intervention initiatives and incentives introduced by our Community Renewal Programme. Residents in five communities benefited from our investment in new infrastructure to provide safe electricity supply.

The cost of house wiring remains a barrier to persons getting legal electricity. This is due to the high material cost and the small pool of certified electricians and inspectors to do wiring and certification. Through a partnership with suppliers, we were able to get discounts on materials for house wiring. We also trained electricians to help reduce labour cost. On the enforcement side, we are working with the Police force to train police personnel to identify illegal connections, collect evidence and hold perpetrators accountable.

More segments of society are getting involved in the conversation about electricity theft. Through our stakeholder engagement initiative and specific projects, *Coalition of the Willing*, we achieved broader acceptance among the business community of the fact that electricity theft is a nationwide issue that requires the active involvement of multiple partners. More business leaders have signalled their willingness to be part of a national anti-theft initiative led by the Government.

Exemplary Corporate Citizenship

Our commitment to take care of the environment and improve communities bore fruit in 2022. JPS received the Corporate Forest Heroes Award from the Forestry Department for consistently contributing to their reforestation programme for more than a decade. We were the first company to partner with the Forestry Department in its Adopt-A-Hillside initiative in 2010. Since then, JPS employees and our partners planted more than 10,000 trees to help protect Jamaica's forest reserves.

We were also shortlisted for the AMCHAM Jamaica's Award of Excellence for Corporate Social Responsibility. This recognition was based on our environmental protection initiatives, as well as our efforts to provide opportunities for youth through education, and youth empowerment programmes.

The Foundation provided back-to-school support for over 700 students at the start of the 2022-23 academic year, and examination fee grants for 400 high school students to sit the Caribbean Secondary Examination Council (CSEC) Industrial Technology (Electrical) exam. Approximately 300 students participated in our annual Youth Forum, which provided career information and guidance.

In 2022, the JPS Foundation and Community Renewal arms collaborated to implement our *Fresh Start Jamaica* pilot project. *Fresh Start Jamaica* gave young men and women from vulnerable communities an opportunity to learn new skills so they can become more marketable. We partnered with the USAID and Planning Institute of Jamaica (PIOJ), to provide training in electrical installation, solar installation and vegetation management. JPS also assisted in finding employment for participants in the programme. In 2023, we will expand this programme to many more young people.

To The Future

JPS has made great strides in our transformation journey. In 2023, as we approach our 100th Anniversary of serving Jamaica, we look back at the past with pride. We are honoured to have powered Jamaica's development for a century. We are humbled to have been an integral part of this nation's growth - even before its independence. As we continue our transformation from a legacy utility to a modern energy company, JPS is committed to more reliable delivery of electricity, better service to our customers and more innovative products and services.

Michel Gantois
President & CEO

Yong Hyun Kim
Chairman of the Board

Corporate Social Responsibility

[1]*Members of the 2022 cohort of Engineering Interns: JPS provides opportunities for engineering students from local universities to get hands-on experience each year, with many employed full-time at the end of their internship.*

[2]*A Successful Youth Forum: President & CEO, Michel Gantois, pauses for a celebratory moment with Joseph McLean, University of the West Indies (UWI) Faculty of Social Sciences Guild Representative, and Allaine Harvey, JPS Foundation Officer.*

[3]*Launch of Schools Tree Planting Competition: JPS Foundation Director, Winsome Callum (left) makes a point to Ainsley Henry – CEO & Conservator of Forests, Forestry Department (right), while the Hon Matthew Samuda, Minister without Portfolio in the Ministry of Economic Growth and Job Creation, looks on.*

[4]*Deputy Chairman of the JPS Foundation, Ramsay McDonald (left), presents Romario Hackett with a certificate for being the Top Intern in the Fresh Start Jamaica programme.*

[5]*Participants in the 'Fresh Start Jamaica' initiative pay a courtesy call on the Governor General of Jamaica, His Excellency the Most Honourable Sir Patrick Allen (4th left), along with representatives of JPS, and project partners - USAID and FHI360.*

Corporate Forest Heroes Award

Azalee Lawson - Environment Health & Safety Manager – JPS (centre), shows off the Corporate Forest Heroes Award and Citation from the Forestry Department. Sharing the moment are (l-r) Audrey Williams - Media & PR Manager, JPS; Joseph Williams – SVP Generation, JPS; Ainsley Henry – CEO & Conservator of Forests – Forestry Department; and Winsome Callum – Director, Corporate Communications – JPS.

Modernising The Grid

[1]*Work in progress on the new Parnassus substation in Clarendon, south-central Jamaica*

[2]***Members of the Smart Grid team** – Suzanne Brown, Errol Stewart, Tevon Tucker, Dameon Brackett, and Veron Dacres - examine a smart LED streetlight before installation*

[3]***Ricardo Case - Director, Engineering,** leads a safety briefing with his team on a work site*

Management Discussion & Analysis

Vision & Legacy (2022), Taoszen
Art Walk, Downtown Kingston, Jamaica

Management Discussion & Analysis

Results of Operations

The year 2022 represented a year of continuing recovery for the Jamaican economy, as businesses and the Jamaican public readjusted to the removal of the restrictions which were implemented as a result of COVID-19 and encouraging signs of growth in economic activity began to reveal themselves. The Group was able to benefit from this continued recovery during the year as electricity consumption increased as economic activity improved, although this was offset by other factors which impacted overall performance.

Operating revenues for the Group was US$1,163 million, which represented a 20% (US$190 million) increase over the previous year with the greatest contributor being electricity revenues which increased by US$190 million. As the country continued its recovery from the COVID-19 pandemic, the Group sold 3,166 gWh, during the year, representing a 3% increase over the prior year with the return to full activity in certain key industries and the relaxation of COVID management protocols throughout the country.

US$1,163M
2022 Group Operating Revenues

20%↑
Increase over FY21

The increase in revenues were largely offset by similar increases in Fuel and Power Purchase costs of US$164 million and US$15 million, respectively.

In particular, significant increases were experienced in global fuel and gas prices due to the impact of Russia's invasion of Ukraine in February 2022. Given their positions within the fuel and gas industry, the disruption caused by the invasion reduced available supplies in certain key territories which ultimately impacted the global markets overall.

In an effort to mitigate the impact of the increased Fuel and Gas prices on residential customers, the Government of Jamaica (GOJ) and JPSCo implemented the *GOJ Energy Co-pay Programme* whereby the GOJ paid 20% of the monthly electricity bills for qualifying residential customers. As a result, between the months of April and July 2022 over 480,000 customers were able to benefit from approximately JMD$2.2 billion applied against their electricity bills.

Done deal – Minister of Finance and the Public Service, Dr. the Hon. Nigel Clarke, shakes hands with Vernon Douglas, CFO

The Group experienced a 7% increase in its operating expenses which moved from US$242 million to US$259 million in 2022. The main driver of the increase was payroll and other employee related expenses which increased by US$16 million due to the inflationary increases for payroll, the settlement of certain long outstanding employee related benefits and the revaluation impact of one of the Group's pension plans. Additionally, other operational expenses suffered continuing inflationary pressures given the logistics and supply issues experienced globally and the additional challenges caused by the war in Ukraine. The Group continues to apply strict management of its procurement activities to minimise the impact on its operations, by strengthening its relationships with key suppliers and contractors, regularly seeking alternative sources for materials and proactive projections for material requirements.

The Group benefited from a decrease in its net finance costs from US$72 million in 2021 to US$65 million, due to reduced interest costs by US$2.6 million from the continued servicing of its loan and lease portfolio and reduced foreign currency losses suffered during the year by US$3.4 million.

The Group's associated company, South Jamaica Power Company Limited, contributed approximately US$13 million to the 2022 results. Whereas the investment performed creditably in its operations, it also benefited from a successful conclusion of certain ongoing legal matters.

These factors resulted in the Group earning US$54.4 million in net profit after tax as compared to US$42.1 million earned in 2021.

Cash Flow

Based on its operating activities in 2022, the Group was able to generate US$238 million (2021 – US$ 222 million) of net cash which were used to fund its investing activities of US$ 77 million (2021 – US$ 67 million). The increase in investing activities is as a result of the Group being able to improve on some of the global logistics issues experienced over the prior two years, however the challenges are still impacting its operations as annual capital investments are still behind the level of investments made prior to 2020.

Net cash used in financing activities declined from US$163 million in 2021 to US$145 million in the current year. This was primarily due to the Group continuing to service its existing loan and lease portfolio with no new funding sought during the financial year. This has resulted in an improvement in cash and cash equivalents from US$42 million in the prior year to US$60 million as at December 31, 2022.

Balance Sheet

The Group's total assets increased by 2.5% to US$1,780 million. This was primarily due to an increase in working capital balances with the growth in cash resources, as indicated above, and an increase in accounts receivable due to increased activity during the year and the impact of higher cost of electricity, as well as an increase in the value of its associated company. These however were offset by depreciation charges against Right of Use assets and Property, plant and equipment

Total liabilities marginally increased by approximately 1% to US$1,210 million from US$1,202 million in 2021, which was as a result of an increase in amounts due to key suppliers for fuel and gas and other materials used in operations offset by reduction in the amounts due for leases and other long term liabilities.

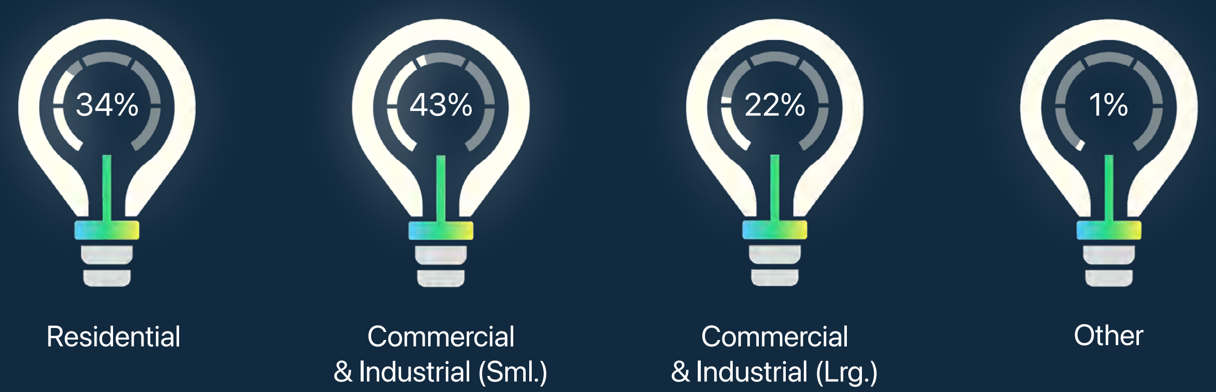
Due to the performance of the Group, Shareholder's equity grew by approximately 7% to US$570 million, which allowed for the payment of dividends of US$15 million to our ordinary shareholders during the year.

Operational Statistics

	2022	2021	2020	2019	2018
OPERATING REVENUES ($000'S)					
Residential	437,055	385,308	358,467	319,451	338,772
Commercial & Industrial (Sml.)	491,399	398,656	367,183	393,331	393,306
Commercial & Industrial (Lrg.)	194,760	149,568	125,950	148,213	154,431
Other	40,373	39,837	37,106	20,158	21,745
Total	**1,163,587**	**973,369**	**888,706**	**881,153**	**908,254**
AVERAGE NO. OF CUSTOMERS					
Residential	609,061	612,168	605,174	594,567	587,592
Commercial & Industrial (Sml.)	71,100	71,065	71,034	70,313	69,750
Commercial & Industrial (Lrg.)	173	172	173	170	169
Other	494	482	498	482	486
Total	**680,828**	**683,887**	**676,879**	**665,532**	**657,997**
NEXT GENERATION AND PURCHASES (MWh)					
Steam & Slow Speed Diesel	266,989	225,868	459,696	1,229,418	1,354,599
Hydro	119,441	138,431	135,581	155,212	179,153
Gas Turbines	54,035	29,350	60,240	239,150	124,818
Combined Cycle Plant	672,420	753,327	740,009	815,713	901,834
Purchases	3,311,885	3,156,981	2,831,903	1,990,338	1,795,132
Total	**4,424,770**	**4,303,957**	**4,227,429**	**4,429,831**	**4,355,536**
Systems losses as a percentage of Net Generation	28.4%	28.4%	26.9%	26.1%	26.5%
Heat Rate JPS Thermal (Kj/kWh)	9,840	9,392	10,226	11,317	11,221
ENERGY SALES (MWh)					
Residential	1,079,489	1,121,815	1,157,455	1,099,666	1,062,732
Commercial & Industrial (Sml.)	1,362,781	1,286,128	1,315,407	1,426,194	1,394,572
Commercial & Industrial (Lrg.)	682,294	623,601	566,201	688,076	682,132
Other	41,411	49,350	52,483	59,392	62,214
Total	**3,165,975**	**3,080,894**	**3,091,546**	**3,273,328**	**3,201,650**
AVERAGE USE & REVENUE per residential customer					
Annualized kWh Consumption/Customer	1,772	1,833	1,913	1,850	1,809
Annualized Revenues/Customer	718	629	592	537	577
U.S Dollars per kWh	0.40	0.34	0.31	0.29	0.32
Average billing exchange rate for period (J$:US$)	154.13	150.77	142.00	134.02	129.30

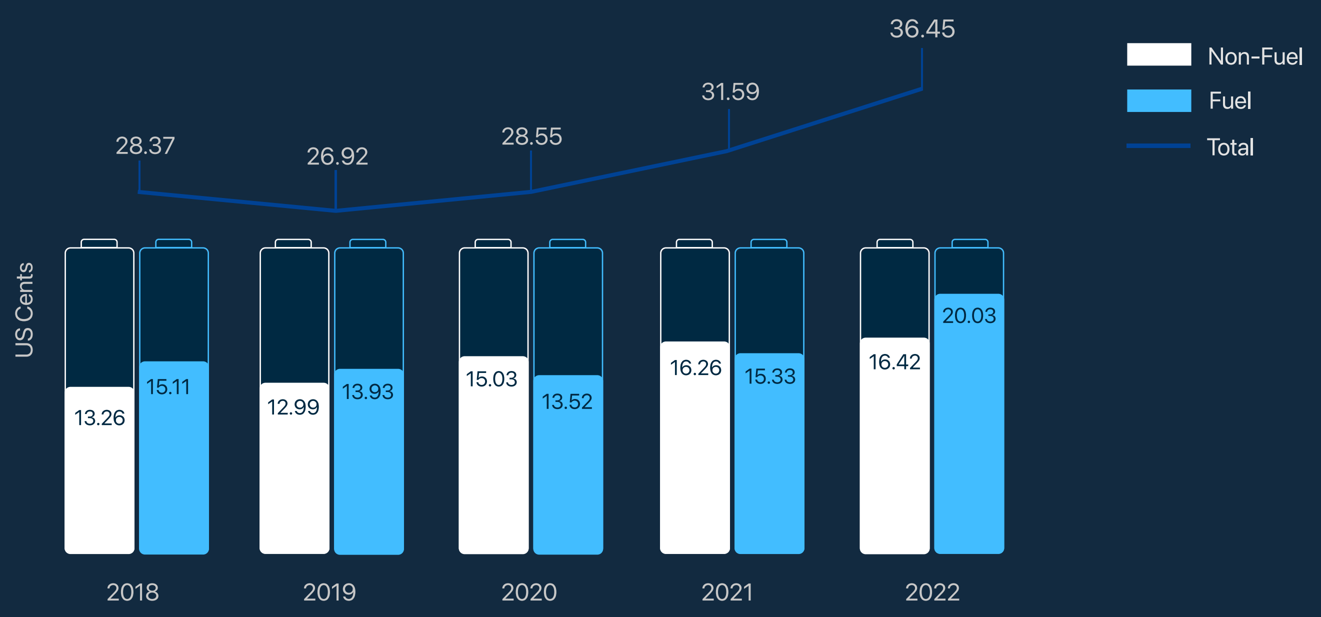
Key Performance Indicators

kWh Sales

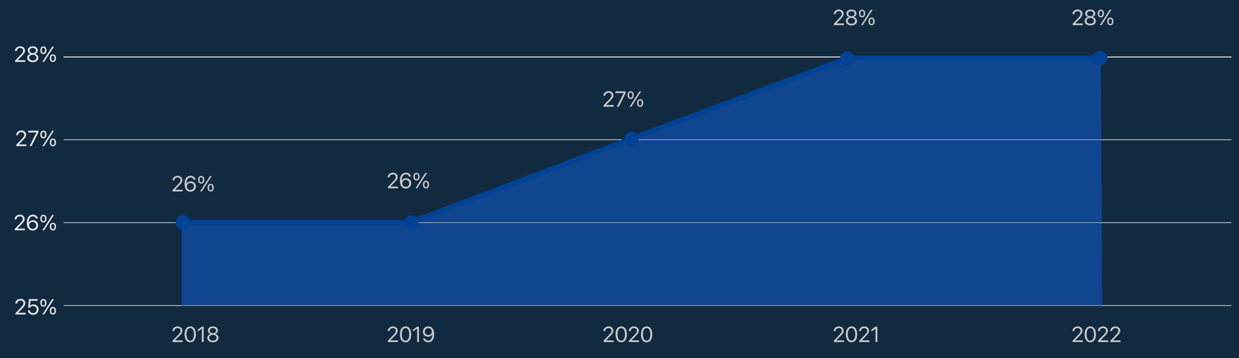


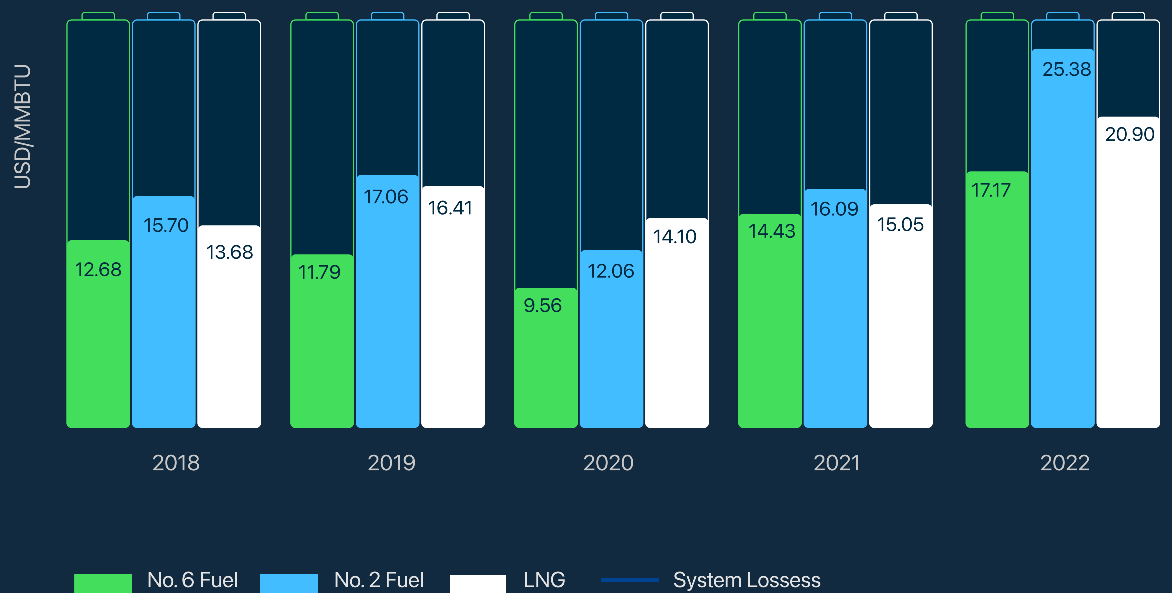
Revenue

US¢/kWh

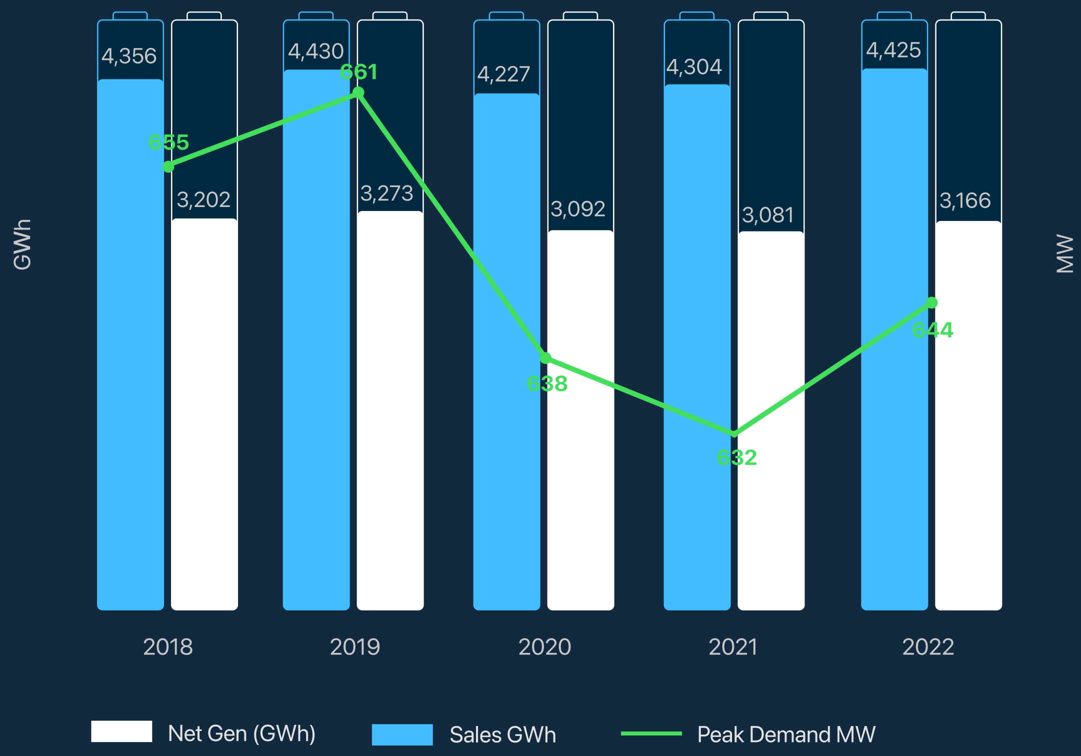


Fuel Price & System Losses

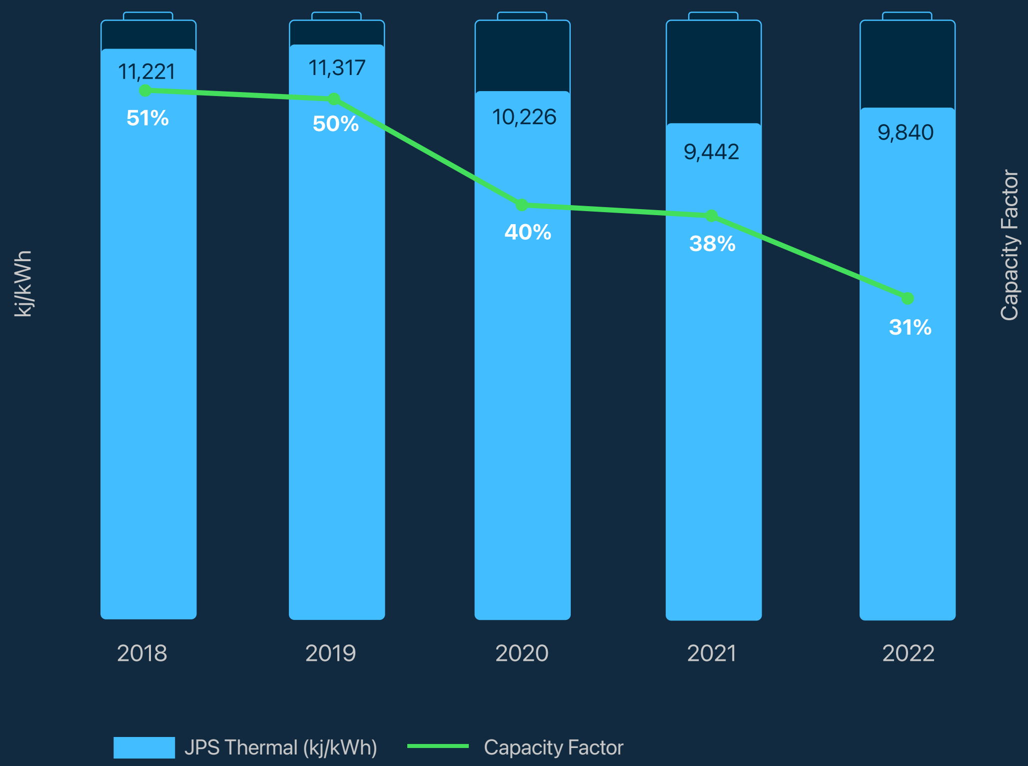




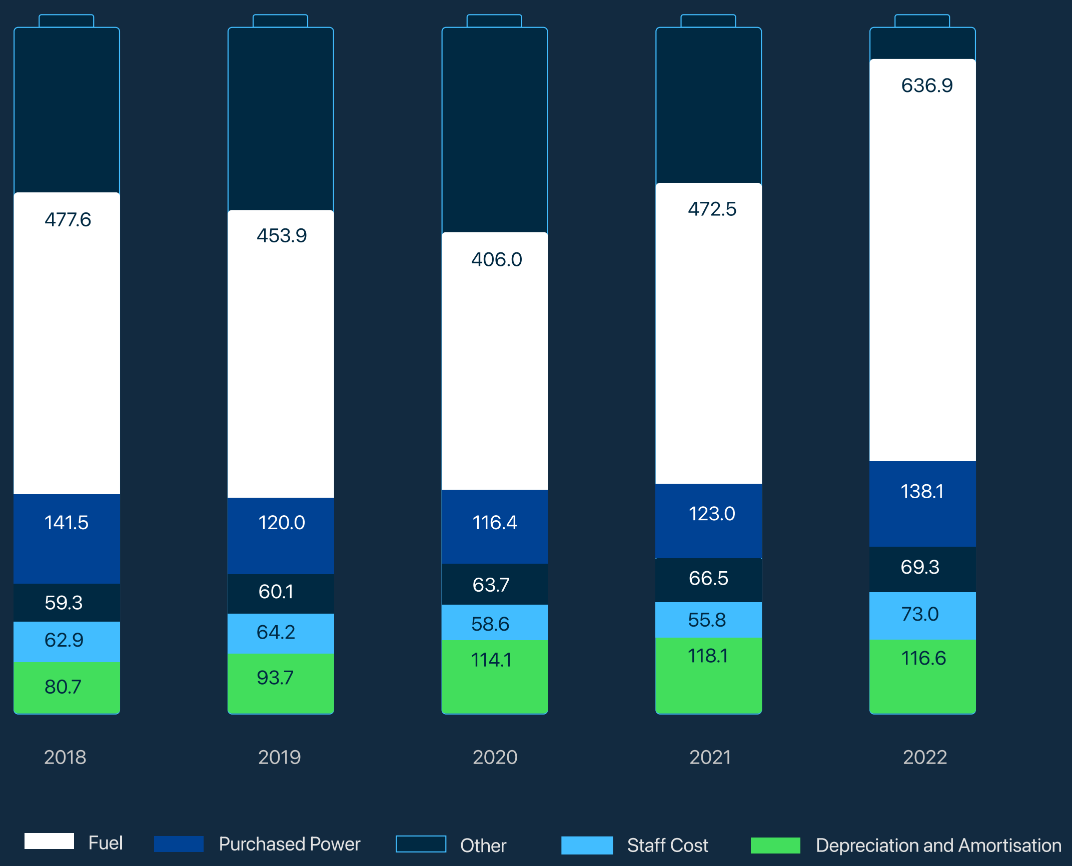
Electricity Demand



Heat Rate & Capacity Factor



Expenses


477.6
141.5
59.3
62.9
80.7
453.9
120.0
60.1
64.2
93.7
406.0
116.4
63.7
58.6
114.1
472.5
123.0
66.5
55.8
118.1
636.9
138.1
69.3
73.0
116.6
2018
2019
2020
2021
2022
Fuel
Purchased Power
Other
Staff Cost
Depreciation and Amortisation

Leadership Team & Corporate Data

Toots (2020), Joshua Solas
Water Lane, Downtown Kingston, Jamaica

Directors

Yong Hyun Kim
Chairman (resigned April 7, 2023)

Damion Obiglio
Chairman (effective April 8, 2023)

Nadani Chung

Minna Israel

Hon. Charles Johnston, C.D.

Mohamed Majeed

Dennis Morgan

Ha Kyoung Song

Hon. Danville Walker, O.J., J.P.

Hyung Chae Yang

Alternate Directors

Jin Kyo Kim
EWP - Alternate Director for Ha Kyoung Song

Youn Gyu Jung
EWP - Alternate Director for Hyung Chae Yang

Keisuke Harada
MaruEnergy Alternate Director for Mohamed Majeed

The Board of Directors

as at April 30, 2023

Former Director & Chairman, Jamaica Public Service Co. Limited effective April 7, 2023. Over 20 years experience in the Electricity Industry. Managing Director, Global Business Division, Korea East-West Power Company (EWP). Chair: Guam Uduku Power LLC; Former Chair: EWP America Inc.; Board Member: EWP Barbados SRL.

Director & Chairman, Jamaica Public Service Co. Limited effective April 8, 2023. Senior Vice President, Caribbean Operations, Marubeni Power International Inc.; Chair of Power Generation Company of Trinidad & Tobago Ltd., (PowerGen)'s Management Committee. Former President & CEO Jamaica Public Service Co. Limited. Certified Public Accountant (CPA). AMP, Harvard Business School; Magister in Administration

Former Board Member, Jamaica Public Service Co. Limited. BSc Electrical Engineering, MSc Engineering Project Management, Over 20 years of experience in the industry spanning the construction of thermal power plants and managing the operation and maintenance of power plants.

Chair of the Audit Committee and Director, Jamaica Public Service Co. Ltd. Board Member: First Global Bank; Cari-Med Group; Stanley Motta Limited; the Mona School of Business & Management; and Quadrant Home Developers Ltd. BSc, Management Studies. Masters of Business Administration. Honorary Doctor of Law, LLD.

DSc h.c, International Shipping. BSc, Economics.Chair, Geest Line Ltd., Hoogesteger B.V, Jamaica Freight & Shipping Company Ltd.; Jamaica Fruit & Shipping Company Ltd.; Jamaica Producers Group Ltd., Jamaica Producers Shipping Company Ltd.; Jamaican Patties Ltd., Johnston Developments Ltd.; Lennox Portland Ltd.; Marine Management Services Ltd.; Seaboard Freight & Shipping Ltd.; Miami Freight & Shipping Company. Board Member: CoBeverage Lab S.L, Customs Advisory Board; German Ship Repair Jamaica Ltd.; Kingston Port Workers Superannuation Fund (Trustee); Kingston Wharves Limited; Shipping Association of Jamaica Property Ltd.; Shipping Association of Jamaica; Port Security Management Ltd.

Dennis Morgan

Former CEO, Protection and Security Ltd.; MA, Business Administration & Finance. BA, Science In Economics. Chair, Ports Security Corps Ltd. (PSC). Former Board Member: National Commercial Bank Jamaica Limited, Petrojam Limited and National Solid Waste Management Authority.

Mohamed Majeed

Chief Operating Officer, Marubeni Power International. Managing Director, Caribbean Operations and President and Chief Executive Officer, MaruEnergy Caribbean. BSc. Engineering and MSc. Engineering Management. Shareholder, Jamaica Public Service Co. Ltd.; Veteran, United States Air Force.

Hyung Chae Yang

BS, Electrical Engineering with over 15 years experience in the industry spanning operation and maintenance of combined cycle and coal fired plants, and power plant development projects particularly the areas of operation and maintenance modeling, feasibility studies and the negotiation of associated contracts. Previously held position of Alternate Director to JPS.

Nadani Chung

Group Chief Financial Officer, Supreme Ventures Limited. BFA, Science in Economics & Accounting. Masters, Business Administration; Certified Public Account; Member: Certified Corporate Financial Planning & Analysis body.

Hon. Danville Walker, O.J., J.P.

Senior Vice President, West Indies Petroleum Ltd., BSc Business Administration, Masters in Business Administration. Certified Public Accountant. Chair, Trade Board Ltd. Member, Project Monitoring Committee, Caymanas Track Ltd.

Corporate Data

Registrar

Cumulative Preference Shares and
Ordinary Stock & Shares
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston, Jamaica, W.I.

Registered Office

6 Knutsford Boulevard
Kingston 5, Jamaica, W.I.

Auditors

KPMG
6 Duke Street
Kingston, Jamaica, W.I.

Bankers

National Commercial Bank Jamaica Limited
3rd Floor, 32 Trafalgar Road
Kingston 10, Jamaica W.I.

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

Citibank N.A.
19 Hillcrest Avenue
Kingston 6, Jamaica, W.I.

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Clinton Hart & Co.
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Kingston, Jamaica, W.I.

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Hylton Powell
Attorneys-at-Law
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Kingston 5, Jamaica, W.I.

Hart Muirhead Fatta
Attorneys-at-Law
53 Knutsford Boulevard
Kingston 5, Jamaica, W.I.

Service of Directors

Director	Service Year 2023	Service Year 2022
Yong Hyun Kim - Chairman	✓ Resigned April 7, 2023	✓
Damian Obiglio – Chairman	✓ Appointed April 8, 2023	
Emanuel DaRosa		✓ Resigned August 31, 2022
Mohamed Majeed	✓	✓
Shogo Otani	✓ Resigned March 18, 2023	✓
Minna Israel	✓	✓
Hon. Charles Johnston, C.D.	✓	✓
Hon. Danville Walker, O.J., J.P.	✓	✓
Nadani Chung	✓	✓
Dennis Morgan	✓	✓
Hyung Chae Yang	✓	✓ (Director: September 2022 – December 2022) (Alternate Director: January 2022 – August 2022)
HaKyoung Song	✓ Appointed April 8, 2023	
Masao Imazato (Alternate Director)		✓ Resigned March 31, 2022
Keisuke Harada (Alternate Director)	✓	✓
Yu Numasawa (Alternate Director)	✓ Resigned April 8, 2023	✓ Appointed April 1, 2022
Dong Uk Kim (Alternate Director)	✓ Ceased April 7, 2023	
Jin Kyo Kim (Alternate Director)	✓ Appointed April 8, 2023	
Youn Gyu Jung (Alternate Director)	✓ Ceased April 7, 2023	

The Board: Function & Responsibility

The Board is responsible for developing the strategic oversight of the Company, and overseeing the implementation of same by Management, 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 who are tasked with the responsibility of implementing the strategic and operational objectives to ensure the viability of the organisation. 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 and customer satisfaction. In analysing the measured level of employee engagement the Board is given an opportunity to enquire into the views of employees.

In addition to ensuring the sustainable profitable operations of the organisation, the Board is responsible for the appointment of officers of the Company and ensuring the succession planning framework is in place to ensure the continuity of management. 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 assesses and analyses the performance of the remaining members of the Executive Leadership Team, and in conjunction with its People Operations team, establishes a 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.

Access to Information

In discharging its function, the Board has unrestricted access to members of the Executive Management Leadership Team and such other representatives as are required to ensure that Directors are infused with the necessary information and data with which to make informed decisions. This access is granted as required by the Directors whether the need arises within or outside of meetings of the Board and its Committees. Moreover, the Executive Leadership maintains constant channels of dialogue with the Directors, apprising Directors of specific matters of particular importance as they arise.

Over the duration of the year there were seven (7) scheduled meetings 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 afford Directors scheduled opportunities to pose questions to and interact with senior Management on key topics.

Induction & Training

As part of its induction of new members, the Company Secretary ensures that new members are provided with the requisite documentation and information concerning their role and the organisation. As part of the induction package, each Director is provided with a copy of the Company's Articles of Incorporation, Corporate Governance Guidelines, Terms of Reference and Charter for the Committee on which he is appointed, Code of Ethics and Business Conduct, and general information concerning the fixed remuneration payable, conduct of meetings and the overall responsibility of the Director. Directors also participate in onboarding sessions with each member of the Executive Leadership Team and other representatives as required. Directors are also taken on a tour of key locations for a hands-on appreciation and understanding of the daily operations of the business.

In keeping with the Board's Corporate Governance Guidelines, the Board of Directors and members of the Executive Leadership Team participated in training facilitated by the Jamaica Stock Exchange on December 2, 2022. One hundred percent (100%) of the Directors accessed the training session. The training addressed areas which were pertinent to the forward looking strategic direction of the Board. These areas included the listing requirements for ordinary stock of the Company on the Jamaica Stock Exchange, and environmental social governance; the latter as the Board was positioning to build upon its existing governance, corporate social responsibility outlook and environmental stewardship to develop its environmental social governance framework.

Performance Evaluation

Having commissioned an external evaluation in December 2021, in December 2022, the Company Secretary facilitated the evaluation of the Board for the period under review. This evaluation examined the performance of the Board and its Committees, the overall conduct and dynamics of the Board, how the Directors viewed their performance, together with general governance matters such as the adequacy of the ongoing education and training programmes, the delivery of documentation, the accessibility of Management and the Company Secretary outside of Board meetings. One hundred percent (100%) of Directors participated in the performance evaluation process. 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 regards, Management, the Board is responsible for evaluating the performance of the President & Chief Executive Officer who in turns 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. The results of the evaluation were presented to and considered by the Board at a meeting on March 24, 2023.

Committees of The Board

Based on the governance framework of the Company and the size of the Board, the Board has established two (2) Committees; the Audit Committee and the Operations Committee. This approach to the governance structure is suitable for the effective and efficient strategic oversight of the organisation. With the shareholders fixing the remuneration of the Board and Committee members under Article 101 of the Articles of Incorporation and the responsibility for the designation of the Chief Executive Officer to the majority shareholders under Article 136, a nomination committee is not required. Furthermore, the delegation of the oversight of overall governance to the Audit Committee obviates the need for a separate and distinct governance committee.

THE BOARD

THE AUDIT COMMITTEE

THE OPERATIONS COMMITTEE

Audit Committee

The Board has positioned the Audit Committee as the foundation for effective governance of the Company. Increasing its membership from three (3) to six (6) in September 2022, the Audit Committee was resourced to execute the strategic oversight for several governance related policies and discharge its responsibility for assisting the Board to carry 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, the Audit Committee was also charged with the governance 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 to 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 six (6) 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 2022			
Name of Directors	**Status**	**No. of Meetings Held**	**No. of Meetings Attended**
Minna Israel (Chair)	I	5	5
Nadani Chung	I	5	5
Emanuel DaRosa	I	5	1
Hyung Chae Yang	NI	5	2
Mohamed Majeed	NI	5	1
Charles Johnston	I	5	2
Dennis Morgan	I	5	2

Independent (I)*
Non-Independent (NI)**
Hyung Chae Yang, Mohamed Majeed, Charles Johnston and Dennis Morgan were appointed to the Committee in September 2022 and were therefore only eligible to attend two (2) of the five (5) meetings held by the Committee. Director DaRosa resigned in August 2022 and therefore, was only eligible to attend two (2) meetings of the Committee.

During the reporting period sixty percent (60%) of the Committee meetings were attended by one hundred percent (100%) of Directors in person, while one hundred percent (100%) of the meetings were convened with a majority of independent directors present.

Other invitees to the Committee's meeting include:

- JPS Board Chairman
- President & CEO
- Chief Financial Officer (to whom the Manager, Risk & Insurance reports administratively)
- Financial Controller
- Company Secretary
- 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, where the circumstances so dictate, the Chair of the Committee meets 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 under review:

- Adherence to Management established controls to prevent, detect and mitigate fraud risks.
- 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 through the Internal Audit function monitored the established controls through its various programmes to determine whether they are operating effectively and whether these and other risks are being appropriately managed. The Internal Audit function provides regular reports to the Audit committee in relation to the results of its Audit programmes and reviews undertaken throughout the year. There were no identified instances of suspected fraud or misconduct or unethical behaviour relating to financial reporting in the period under review.

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 2022 with the approval of the Audit Committee.

The Committee's Charter was last reviewed by the Board on February 23, 2022 and is available on our website at: www.myjpsco.com/board-of-directors.

Scan here to read the *Audit Committee Charter*

Operations Committee

In accordance with the provisions of Article 131 of the Company's Articles of Incorporation the Board created the Operations Committee. This Committee is charged with the responsibility of providing Management with advice in respect of the day-to-day technical operations of the Company. This allowed the Board, through a core group of technical expertise, to strategically guide the operation of the Company through the turbulence of the COVID 19 supply chain disruption which had the potential to stymie the daily operations and curtail the growth of the organisation.

In keeping with the Committee's Terms of Reference which was last approved by the Board on December 1, 2022, during the year under review, the Committee monitored 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, oversight of the Company's compliance with the environmental regulations, permits and licences was monitored together with the welfare of the Company's employees. With the inherent danger of the electric utility business, the safety of the employees, third party contractors and the public 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 or damage to property whether by fire or otherwise.

As provided for in the Committee's approved Terms of Reference, the Committee is comprised of six (6) members. The table below depicts the participation of each member in the six (6) meetings scheduled during the reporting period. Following each meeting the Chairman submits a report to the Board for information and deliberation as desired. Details of the Committee's Terms of Reference are available on our website: www.myjpsco.com/board-of-directors.

Scan here to read the *Operations Committee Terms of Reference (TOR)*

With the exception of one (1) meeting, at which 83% of the Directors were present, during the reporting period all meetings of the Committee were attended by 100% of Directors who either appeared in person or by their alternate in keeping with the Company's Articles of Incorporation.

Members of the Operations Committee 2022			
Name of Directors	**Status**	**No. of Meetings Held**	**No. of Meetings Attended**
Emanuel DaRosa	NI	6	3
Hyun Chae Yang	NI	6	6
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
Youn Gyu Jung	NI	6	2

Non-Independent (NI)*
Independent (I)**
Director DaRosa resigned from the Committee and was only eligible to attend four (4) meetings. Mr. Youn Gyu Jung succeeded Director DaRosa to the Committee and was eligible to attend two (2) of the six (6) meetings. Director Shogo was represented by his alternate, Mr. Yu Numasawa at one (1) meeting.

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;
- The development and implementation of major projects and areas of growth for the business; and
- Proposed legal commitments which require the approval of the Board of Directors.

Articles of Incorporation

At its Annual General Meeting on July 29, 2022, the shareholders authorised the amendment of the Company's Articles of Incorporation primarily to facilitate modernising the method of communicating with our shareholders, allowing for ease of correspondence through electronic means, and to introduce the ability to accommodate additional channels through which to host meetings of the Company; safeguarding against the crippling effects of pandemics experienced with that of COVID-19.

Environmental Stewardship

The Board acknowledges the environmental impact of its operations on its customers and the country at large. In so doing, the Board remains committed to safeguarding compliance with the environmental regulations and environmental sustainability programmes. The latter of which was acknowledged by the Forestry Department which awarded the Company the Corporate Award under its Forest Heroes Awards, 2022. The Board's commitment to environmental stewardship is captured in the Environmental Policy Statement approved by the Board on March 24, 2023 and is available on the Company's website.

Executive Leadership Team

Untitled (2020), Zohria Allen
Water Lane, Downtown Kingston, Jamaica

The Executive Leadership Team

Michel Gantois
President & CEO

Vernon Douglas
Chief Financial Officer

Charmaine Heslop-Dacosta
Senior VP – People Operations

Melanie Gilchrist
SVP – Legal, Risk and Compliance & Company Secretary

Blaine Jarrett
Senior VP – Energy Delivery

Gary Barrow
Chief Operating Officer

Joseph Williams
Senior VP – Generation

Ramsay McDonald
Senior VP – Customer Services

Artwork Featured

Untitled (2020), Irving Cano
Temple Lane, Downtown Kingston, Jamaica
Top p. 38

Music City (2020), Sheldon Blake,
Water Lane, Downtown Kingston, Jamaica
Bottom left p. 38, Bottom p. 39, Top p. 40,
Bottom p. 40.

Untitled (2022), Gabriel Holzier (Gabe)
and Matthew McCarthy (Evedealist)
Water Lane, Downtown Kingston, Jamaica
Middle p. 40

Ten Largest Shareholders' Listings

as at December 31, 2022

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	Uranie 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

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 & Lloyd 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

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) Limited	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

JPS Preference F Shares (9.5%)		
Rank	Name of Shareholder	No. of Units
1	National Insurance Fund	350,000
2	PAM - Pooled Equity Fund	271,854
3	GraceKennedy Pension Fund Custodian Limited for GraceKennedy Pension Scheme	250,000
4	JPS Employees' Superannuation Fund	246,361
5	Guardian Life Limited	149,900
6	ATL Group Pension Fund Trustee Nominee Limited	100,000
7	Sagicor Life Jamaica Limited	98,643
8	SJIML A/C 3119	98,137
9	Sagicor Pooled Foreign Currency Fund	78,914
10	Prime Asset Management JPS Employees Superannuation Fund	78,471

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

There are no cross-shareholdings, pyramid holdings or Directors holding more than 25% of the shares outstanding.

Directors' 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, 2022:

	THE GROUP		THE COMPANY	
	Year ended December 31, 2022 (Twelve months) US$'000	Year ended December 31, 2021 (Twelve months) US$'000	Year ended December 31, 2022 (Twelve months) US$'000	Year ended December 31, 2021 (Twelve months) US$'000
OPERATING REVENUES				
Profit before Taxation	69,616	51,171	54,521	47,483
Taxation	(15,238)	(9,073)	(14,854)	(8,823)
Net Profit attributable to shareholders	54,378	42,098	39,667	38,660
Dividends on Preference				
Classes 'B' through 'E'	1	1	1	1
Class 'F'	2,333	2,333	2,333	2,333
Dividends on Ordinary Shares	15,000	10,000	15,000	10,000

Dividends

The dividends for the year on the preference shares for Classes B-F have been paid in full; Dividends were declared and paid on the ordinary stocks and shares for the year 2022.

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 Hyung Chae Yang, Ha Kyong Song, Damian Obiglio, Jin Kyo Kim (Alternate Director), and Youn Gyu Jung (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 Directors acknowledge the Company's ability to maintain financial stability in the challenging aftermath of the COVID 19 pandemic and weak economic growth. This was attributable to the forward thinking and dedicated Management and staff. The Directors thank Management and staff for their improved efficiencies and overall performance during the year under review.

Corporate Governance Framework

Broken Pieces (2020), Junior Moore
Water Lane, Downtown Kingston, Jamaica

Corporate Governance Framework

A strong corporate governance system comprised of good practices fosters ethical business practices which creates the pathway to financial viability. The importance of this system of rules and practices which determines how the company operates and aligns the interest of all stakeholders is accepted by all Directors of the Company. This dedication to leadership with *integrity* and *accountability* – core values of the Company - promotes operational efficiency, transparency and accountability at all levels, while simultaneously balancing the diverse interests of all stakeholders. As a result of this approach, the Directors were able to continue to secure the long-term viability of the organisation within a highly regulated industry.

As evident by the Company's financial performance for the year under review, the Directors' approach to governance facilitated informed decision-making which ensured legal compliance and financial gains while being able to respond to external challenges such as the global impact of the COVID-19 pandemic specifically supply chain interruptions, adverse weather conditions and the increase in illegal consumption of electricity. Periodically, the Board of Directors, as the governance gatekeepers, reviewed 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 Corporate Governance Guidelines were last submitted to the Board of Directors for review on March 24, 2023. Our Corporate Governance Guidelines are available on our website at: www.jpsco.com. In addition to the Company's Corporate Governance Guidelines, the Company's governance framework also consists of Board approved Code of Ethics and Business Conduct, Environmental Policy Statement, Business Preparedness Recovery Policy, Whistleblower Policy, and Enterprise Risk Management Policy (and risk appetite statements).

Leading from the front, the Board has encouraged a culture of compliance & integrity throughout the organisation and with persons with whom it does business.

During the year under review, the Board 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 organisation. 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 & Compliance Department, monitors and ensures the effectiveness of the Company's corporate governance practices and approves changes, as needed. The Company's Code of Ethics and Business Conduct was last reviewed and approved by the Board on February 23, 2022. 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 risk management, and conflicts of interest. The Board last reviewed and approved the Company’s Whistleblower Policy and the Business Preparedness Recovery Policy on December 1, 2022, and the Environmental Policy Statement on March 24, 2023.

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. The Board last reviewed and approved the Company’s Enterprise Risk Management Policy on February 23, 2022 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, and the preservation of the generation component of the Company’s business through the exercise of its right of first refusal.

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

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 composed of nine (9) Directors. Notwithstanding the rights of nomination enshrined in the Company's Articles of Incorporation, each nominee is considered by the Board of Directors based on his qualification, experience, expertise and in keeping with the overall commitment to diversity in age, gender and composition.

At all times, the Board satisfies itself that persons who are permitted to accept the appointment are capable of discharging the duties of the position and represent the interests of the 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. During the period under review, the expertise of the Directors included engineering, finance and audit, strategic management, banking and risk management. This cross-section of disciplines facilitated robust discussion and informed decision-making and the development of key strategies which aligned the Executive and Management to lead the Company towards fulfilling its vision.

Additionally, in keeping with the Company's Corporate Governance Guidelines, as at December 31, 2022, five (5) of the nine (9) Directors are Independent Directors. There are no Executive Directors on the Board of the Company. Directors are not grouped into classes who serve terms of different lengths.

Independence

An "Independent Director" is defined within the Company's Corporate Governance Guidelines as a Director who: (a) has not been employed to the Company with 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, 2022			
Name of Directors	**Status**	**No. of Board Meetings Held**	**No. of Board Meetings Attended**
Yong Hyun Kim (Chairman)	NI	7	7
Mohamed Majeed	NI	7	7
Shogo Otani***	NI	7	7
Minna Israel	I	7	7
Hon. Charles Johnston, C.D.	I	7	5
Hyung Chae Yang	NI	7	2
Nadani Chung	I	7	7
Hon. Danville Walker, O.J., J.P.	I	7	7
Dennis Morgan	I	7	7
Directors who resigned from the Board Prior December 31, 2022			
Emanuel DaRosa	NI	7	5

Non-independent (NI)*
Independent (I)**
***Alternate Director Yu Numasawa attended 1 meeting

With the exception of two (2) meetings at which eight (8) of the nine Directors were present, 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.

Remuneration

The Company's shareholders have enshrined in the Articles of Incorporation the compensation payable to Directors for their service in that role. 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. Regardless, all Directors of the Board are non-executive directors.

Annual General Meeting

2022

The annual general meeting of the Company was last convened on July 29, 2022. 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. Yong Hyun Kim. Also present at the meeting were members of the Management team (including the Chief Financial Officer and Acting President and C.E.O., Senior Vice President People Operations, Senior Vice President Generation, Senior Vice President Customer Service, Senior Vice President Energy Delivery), representatives of the Auditors, KPMG, and all nine (9) of the then sitting Directors, namely, Mr. Yong Hyun Kim (Chairman), Director Majeed, Director Otani, Director DaRosa, Director Israel, Director Morgan, Director Johnston, Director Walker, 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, 2021 together with directors' report, 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.

Our Policies & 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 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 organisation 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 organisation culture by consistently embracing our core values while striving for OHSE excellence throughout the organisation. We will recognize the principles of sustainability and the interaction between our utility supply activities and the environment we operate in, to avoid or minimise 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 continue 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; 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 & Communication

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.

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 organisation, 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 virus.

Remote Work

With the onset of the Covid 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 Guidelines, IT Security Policy and Code of Ethics and Business Conduct.

Union Partners

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 2022 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 2022. Over 200 courses were added to the online catalogue over the past two years, in response to remote work imposed by COVID.

Education & 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 have 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.

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 policy is explicitly made available to all members of staff and Directors. The Company's approved Code of Ethics and Business Conduct is available on our website at: https://www.jpsco.com

In creating a culture of ethical compliance, the Company Secretary who also holds the role of Compliance Officer, leads the implementation of and training on the Code of Ethics and Business Conduct with the support of the Executive Leadership Team and human resource management. This training is afforded to all employees of the Company and Directors and Committee members. Where applicable, the necessity for adherence to an ethical code of conduct in doing business with the Company is imposed on third party service providers through the legal engagement mechanism.

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 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.

Audited Financials

Music City (2020), Sheldon Blake
Water Lane, Downtown Kingston, Jamaica

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31 December 2022

Independent Auditors' Report to the Members

Financial Statements

KPMG
Chartered Accountants
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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 72 to 145, which comprise the Group's and the Company's statements of financial position as at December 31, 2022, 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, 2022, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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.

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 Standards, 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 70-71, 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 27, 2023

KPMG

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, 2022
(Expressed in United States Dollars)

	Notes	2022 $'000	2021 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	810,872	803,603
Right-of use assets	6(a)(i)	473,538	511,127
Intangible assets	7	17,298	17,972
Investment in equity-accounted investee	8(b)	91,457	78,712
Employee benefits asset	9(a)(i)	44,285	47,449
		1,437,450	1,458,863
Current assets			
Cash and cash equivalents	10	60,123	42,783
Restricted cash	11	54,523	51,447
Accounts receivable	12	189,423	152,773
Corporation tax recoverable		2,819	-
Due from related parties	18(a)(i)	2,733	1,351
Inventories	13	33,841	30,176
		343,462	278,530
Total assets		1,780,912	1,737,393
Shareholders' equity			
Share capital	14	261,786	261,786
Capital reserve	15	18,899	19,288
Capital redemption reserve	16	3,000	3,000
Retained earnings		286,745	250,836
		570,430	534,910
Current liabilities			
Accounts payable and provisions	17	146,719	113,588
Corporation tax payable		-	2,535
Due to related parties	18(a)(ii)	42,698	23,501
Lease liabilities	6(a)(ii)	28,814	26,970
Current portion of long-term loans	20	35,713	45,567
Employee benefits obligation	9(b)	8,992	-
		262,936	212,161
Non-current liabilities			
Customers' deposits	19	46,430	32,704
Long-term loans	20	335,779	355,830
Lease liabilities	6(a)(ii)	490,300	517,628
Preference shares	21	24,688	24,688
Deferred taxation	22	22,189	25,141
Decommissioning provision	23	28,160	27,742
Employee benefits obligation	9(b)	-	6,589
		947,546	990,322
Total liabilities		1,210,482	1,202,483
Total shareholders' equity and liabilities		1,780,912	1,737,393

The financial statements on pages, 72 to 145 were approved by the Board of Directors on March 24, 2023, and signed on its behalf on March 27, 2023 by:

________________ Director
Yong Hyun Kim

________________ Director
Minna Israel

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, 2022
(*Expressed in United States Dollars*)

	Notes	2022 $'000	2021 $'000
Operating revenue	24	1,163,587	973,369
Cost of sales	25(a)	(775,232)	(595,876)
Gross profit		388,355	377,493
Operating expenses	25(b)	(258,712)	(241,603)
Impairment loss on trade receivables	12	(7,435)	(9,671)
Operating profit		122,208	126,219
Finance income		7,148	6,144
Finance costs		(72,610)	(78,582)
Net finance costs	25(c)	(65,462)	(72,438)
Other income	26(a)	5,578	2,846
Other expenses	26(b)	(5,453)	(7,876)
		56,871	48,751
Share of profit in equity-accounted investee, net of tax	8(b)	12,745	2,420
Profit before taxation		69,616	51,171
Taxation	27	(15,238)	(9,073)
Profit for the year		54,378	42,098
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Remeasurement loss on defined benefit plan	9(a)(v)	(5,787)	(5,947)
Tax on remeasurement loss on defined benefit plan	22	1,929	1,982
Other comprehensive loss, net of tax		(3,858)	(3,965)
Total comprehensive income attributable to shareholders		50,520	38,133
Earnings per share	28	0.25¢	0.19¢

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, 2022
(*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
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:					
Items that will not be reclassified to profit or loss					
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
Total comprehensive income for the year 2022:					
Profit for the year	-	-	-	54,378	54,378
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement loss on defined benefit plan, net of tax	-	-	-	(3,858)	(3,858)
Total comprehensive income for the year	-	-	-	50,520	50,520
Transfer from capital reserves on disposal of property	-	(389)	-	389	-
Transactions with owners of the company:					
Dividends [note 29(a)]	-	-	-	(15,000)	(15,000)
Balance at December 31, 2022	261,786	18,899	3,000	286,745	570,430

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

Group Statement of Cash Flows
Year ended December 31, 2022
(*Expressed in United States Dollars*)

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		54,378	42,098
Adjustments for:			
Depreciation and amortisation	5,6,7	116,578	118,107
(Gain)/loss on disposal of property, plant and equipment		(205)	11
Amortisation of debt issuance costs	25(c)	788	990
Unrealised foreign exchange losses, net	25(c)	(5,845)	(5,897)
Interest expense	25(c)	68,913	71,279
Interest income	25(c)	(7,148)	(6,144)
Taxation expense	27	16,261	14,369
Deferred tax	22	(1,023)	(5,296)
Employee benefits asset/obligation, net		(8,574)	(5,958)
Share of profit in equity-accounted investee	8(b)	(12,745)	(2,420)
Cash generated before changes in working capital		221,378	221,139
Restricted cash		(3,076)	(2,935)
Accounts receivable		(27,501)	(8,280)
Inventories		(3,665)	9,113
Accounts payable and provisions		42,112	18,261*
Due from/to related parties		17,815	(4,462)
Customers' deposits and advances		12,876	6,099
Cash generated from operations		259,939	238,935
Taxation paid		(21,615)	(17,002)
Net cash provided by operating activities		238,324	221,933
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales proceeds from disposal of property, plant and equipment		826	-
Purchase of property, plant and equipment	5	(80,920)	(67,676)
Purchase of intangible assets	7	(2,304)	(4,095)
Interest received		5,717	4,943
Net cash used in investing activities		(76,681)	(66,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(33,318)	(44,747)
Payment of lease liabilities		(27,239)	(26,467)
Interest paid		(67,185)	(79,717)*
Dividend paid		(17,334)	(12,334)*
Net cash used in financing activities		(145,076)	(163,265)
Net increase/(decrease) in cash and cash equivalents		16,567	(8,160)
Effect of changes in exchange rates		773	(3,407)*
Net cash and cash equivalents at beginning of year		42,783	54,350
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		60,123	42,783

*Reclassified (see note 33)

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED

Company Statement of Financial Position
December 31, 2022
(Expressed in United States Dollars)

	Notes	2022 $'000	2021 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	810,840	803,603
Right-of-use assets	6	473,537	511,121
Intangible assets	7	17,298	17,972
Investment in subsidiaries	8(a)(i)	46,004	46,004
Employee benefits asset	9(a)(i)	44,285	47,449
		1,391,964	1,426,149
Current assets			
Cash and cash equivalents	10	57,489	42,759
Restricted cash	11	54,523	51,447
Accounts receivable	12	189,065	152,018
Corporation tax recoverable		3,241	-
Due from related parties	18(a)(i)	1,883	1,294
Inventories	13	33,841	30,176
		340,042	277,694
Total assets		1,732,006	1,703,843
Shareholders' equity			
Share capital	14	261,786	261,786
Capital reserve	15	18,899	19,288
Capital redemption reserve	16	3,000	3,000
Retained earnings		237,749	216,551
		521,434	500,625
Current liabilities			
Accounts payable and provisions	17	145,861	113,250
Corporation tax payable		-	2,341
Due to related parties	18(a)(ii)	43,647	24,775
Lease liabilities	6	28,813	26,964
Current portion of long-term loans	20(b)	35,713	45,567
Employee benefits obligation	9(b)	8,992	-
		263,026	212,897
Non-current liabilities			
Customers' deposits	19	46,430	32,704
Long-term loans	20	335,779	355,830
Lease obligations	6	490,300	517,627
Preference shares	21	24,688	24,688
Deferred taxation	22	22,189	25,141
Decommissioning provision	23	28,160	27,742
Employee benefits obligation	9(b)	-	6,589
		947,546	990,321
Total liabilities		1,210,572	1,203,218
Total shareholders' equity and liabilities		1,732,006	1,703,843

The financial statements on pages, 72 to 145 were approved by the Board of Directors on March 24, 2023, and signed on its behalf on March 27, 2023 by:

________________ Director
Yong Hyun Kim

________________ Director
Minna Israel

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, 2022
(*Expressed in United States Dollars*)

	Notes	2022 $'000	2021 $'000
Operating revenue	24	1,154,058	966,532
Cost of sales	25(a)	(775,232)	(595,876)
Gross profit		378,826	370,656
Operating expenses	25(b)	(251,523)	(236,036)
Impairment loss on trade receivables	12	(7,435)	(9,671)
Operating profit		119,868	124,949
Finance income		7,148	6,144
Finance costs		(72,617)	(78,580)
Net finance costs	25(c)	(65,469)	(72,436)
Other income	26(a)	5,575	2,846
Other expenses	26(b)	(5,453)	(7,876)
Profit before taxation		54,521	47,483
Taxation	27	(14,854)	(8,823)
Profit for the year		39,667	38,660
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Remeasurement loss on defined benefit plan	9(a)(v)	(5,787)	(5,947)
Tax on remeasurement loss on defined benefit plan	22	1,929	1,982
Other comprehensive loss, net of tax		(3,858)	(3,965)
Total comprehensive income attributable to shareholders		35,809	34,695

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, 2022
(*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
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:					
Items that will not be reclassified to profit or loss					
Remeasurement loss 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
Total comprehensive income for the year 2022:					
Profit for the year	-	-	-	39,667	39,667
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement loss on defined benefit plan, net of tax	-	-	-	(3,858)	(3,858)
Total comprehensive income for the year	-	-	-	35,809	35,809
Transfer from capital reserves on disposal of property	-	(389)	-	389	-
Transactions with owners of the company:					
Dividends [note 29(a)]	-	-	-	(15,000)	(15,000)
Balance at December 31, 2022	261,786	18,899	3,000	237,749	521,434

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, 2022
(*Expressed in United States Dollars*)

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		39,667	38,660
Adjustments for:			
Depreciation and amortisation	5,6,7	116,571	118,101
(Gain)/loss on disposal of property, plant and equipment		(205)	11
Amortisation of debt issuance costs	25(c)	788	990
Unrealised foreign exchange losses, net	25(c)	(5,838)	(5,897)
Interest expense		68,913	71,279
Interest income	25(c)	(7,148)	(6,144)
Taxation expense	27	15,877	14,119
Deferred tax	22	(1,023)	(5,296)
Employee benefits asset/obligation, net		(8,574)	(5,958)
Cash generated before changes in working capital		219,028	219,865
Restricted cash		(3,076)	(2,935)
Accounts receivable		(27,905)	(8,073
Inventories		(3,665)	9,113
Accounts payable and provisions		41,592	18,200*
Due from/to related parties		18,283	(3,605)
Customers' deposits and advances		12,876	6,099
Cash generated from operations		257,133	238,664
Taxation paid		(21,459)	(16,760)
Net cash provided by operating activities		235,674	221,904
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales proceeds from disposal of property, plant and equipment		826	-
Purchase of property, plant and equipment	5	(80,886)	(67,676)
Purchase of intangible assets	7	(2,304)	(4,095)
Interest received		5,717	4,943
Net cash used in investing activities		(76,647)	(66,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(33,318)	(44,747)
Payment of lease liabilities		(27,233)	(26,463)
Interest paid		(67,185)	(79,716)*
Dividend paid		(17,334)	(12,334)*
Net cash used in financing activities		(145,070)	(163,260)
Net increase/(decrease) in cash and cash equivalents		13,957	(8,184)
Effect of changes in exchange rates		773	(3,407)*
Net cash and cash equivalents at beginning of year		42,759	54,350
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		57,489	42,759

*Reclassified (see note 33)

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

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.

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.

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, 2022.

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 Standards 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 (note 9):

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-tenured 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 (note 12):

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. Gross carrying amount of trade receivables is written off when the Group has no reasonable expectations of recovering a receivable balance in its entirety or portion thereof.

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.

(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.

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 unutilized 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 unutilized 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 unutilized 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 each reporting date 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.

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.

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.

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.

3. Summary of significant accounting policies (continued)

(m) Revenue recognition:

Sale of electricity

Revenue is recognised over 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. Customer bills are due within 30 days.

Sale of goods (energy saving equipment)

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.

Operation and maintenance services income

Revenue from plant operations and maintenance services are recognised over time as the services are provided. Customer obtains control of service based upon operation and maintenance activities performed during the period at rates specified in the contract.

(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.

3. Summary of significant accounting policies (continued)

(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").

(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.

3. Summary of significant accounting policies (continued)

(p) Interest in equity-accounted investee:

The Group's interest in equity-accounted investee comprise interest in associate and it is 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.

Interests in associates is 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.

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.

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’.

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.

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.

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.

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 1, *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

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 to IAS 1, *Presentation of Financial Statements* (continued).

  As part of its amendments, the requirement for a right to be unconditional has been removed and, instead, now requirement is that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

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

- Amendments to IFRS 16 *Leases* will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. The amendments confirm the following

  (i) On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  (ii) After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

  The Group is assessing the impact that the amendment will have on its 2024 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 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.

  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.

(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 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 recognised 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

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, 2022, the total guarantees under Standby Letters of Credit amounted to $44.8 million (2021: $44.8 million). These facilities were not accessed during the year. Some of power purchase contracts contain a lease and are recognised as right-of-use asset in Note 6.

Notes to the Financial Statements (Continued)
December 31, 2022
(*Expressed in United States Dollars*)

5. Property, plant and equipment

The Group

	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, 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
Additions	32	2,262	13,760	151	900	65,041	82,146
Transfers	3,061	16,523	18,945	774	166	(39,469)	-
Disposals/retirements	(917)	(20,459)	-	(6)	(182)	-	(21,564)
December 31, 2022	84,504	863,613	1,434,518	42,804	86,377	60,709	2,572,525
Depreciation:							
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
Charge for the year	1,321	23,922	46,053	670	2,290	-	74,256
Disposals/retirements	(299)	(20,458)	-	(6)	(180)	-	(20,943)
December 31, 2022	18,317	698,094	925,902	38,089	81,251	-	1,761,653
Net book values:							
December 31, 2022	66,187	165,519	508,616	4,715	5,126	60,709	810,872
December 31, 2021	65,033	170,657	521,964	4,460	6,352	35,137	803,603

Notes to the Financial Statements (Continued)
December 31, 2022
(*Expressed in United States Dollars*)

5. Property, plant and equipment

The 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, 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
Additions	32	2,262	13,760	151	866	65,041	82,112
Transfers	3,061	16,523	18,945	774	166	(39,469)	-
Disposals/retirements	(917)	(20,459)	-	(6)	(182)	-	(21,564)
December 31, 2022	84,504	863,613	1,434,518	42,804	86,343	60,709	2,572,491
Depreciation:							
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
Charge for the year	1,321	23,922	46,053	670	2,288	-	74,254
Disposals/retirements	(299)	(20,458)	-	(6)	(180)	-	(20,943)
December 31, 2022	18,317	698,094	925,902	38,089	81,249	-	1,761,651
Net book values:							
December 31, 2022	66,187	165,519	508,616	4,715	5,094	60,709	810,840
December 31, 2021	65,033	170,657	521,964	4,460	6,352	35,137	803,603

5. Property, plant & equipment (continued)

(a) Land and buildings include land, at valuation, aggregating approximately $40.4 million (2021: $41 million). Of this amount, the cost of land, amounted to $21.5 million (2021: $21.7 million). Land is revalued every 3 years using an independent professional valuator. The previous revaluation was conducted in 2020.

(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. • Average price per square meter of $35 based on comparable properties	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/(lower). • Comparability adjustments were higher/(lower).

5. Property, plant & equipment (continued)

(c) Interest capitalised during construction for the year amounted to approximately $1.2 million (2021: $1.1 million). The capitalisation rate used for the year was 3.23% (2021: 3.24%)

(d) The composite rate of depreciation for the year was approximately 5.94% (2021: 6.20%).

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, 2021	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
Additions to right-of-use assets	-	-	1,763	-	1,763
Depreciation charge for the year	(514)	(37,325)	(1,500)	(5)	(39,344)
Disposals	(8)	-	-	-	(8)
Balance at December 31, 2022	2,566	467,873	3,098	1	473,538

	The Company				
	Land and buildings $'000	Generation equipment $'000	Motor vehicles $'000	Computer equipment $'000	Total $'000
Balance at January 1, 2021	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
Additions to right-of-use assets	-	-	1,763	-	1,763
Depreciation charge for the year	(514)	(37,325)	(1,500)	-	(39,339)
Disposals	(8)	-	-	-	(8)
Balance at December 31, 2022	2,566	467,873	3,098	-	473,537

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6. Leases (continued)

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

(ii) Lease liability

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current	28,814	26,970	28,813	26,964
Non-current	490,300	517,628	490,300	517,627
	519,114	544,598	519,113	544,591

(b) Amounts recognised in profit or loss:

	The Group	
	2022	2021
	$'000	$'000
Depreciation charge on right-of-use asset	(39,344)	(39,823)
Interest on lease liabilities	(39,149)	(40,989)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(55)	(30)
Expenses related to variable lease payment not included in lease liabilities	(128,806)	(116,782)

	The Company	
	2022	2021
	$'000	$'000
Depreciation charge on right-of-use asset	(39,339)	(39,818)
Interest on lease liabilities	(39,149)	(40,988)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(55)	(30)
Expenses related to variable lease payment not included in lease liabilities	(128,806)	(116,782)

(c) Amount recognised in the statement of cash flows

	The Group	
	2022	2021
	$'000	$'000
Balance at start of the year	544,598	571,073
Changes from financing cash flows	(66,388)	(67,456)
Interest expense	39,149	40,989
New lease	1,763	-
Disposals	(8)	(8)
Balance at end of the year	519,114	544,598

6. Leases (continued)

(c) Amount recognised in the statement of cash flows

	The Company	
	2022	2021
	$'000	$'000
Balance at start of the year	544,591	571,061
Changes from financing cash flows	(66,382)	(67,451)
Interest expense	39,149	40,988
New lease	1,763	-
Disposals	(8)	(7)
Balance at end of the year	519,113	544,591

(d) Leases as lessee

The Group leases power generation facilities including both fixed and variable lease payments. 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.

6. Leases (continued)

(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	Land rights	Total
	$'000	$'000	$'000
Cost or valuation:			
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
Additions	2,304	-	2,304
December 31, 2022	42,881	8,224	51,105
Depreciation:			
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
Charge for the year	2,978	-	2,978
December 31, 2022	33,807	-	33,807
Net book values:			
December 31, 2022	9,074	8,224	17,298
December 31, 2021	9,748	8,224	17,972

Software includes software projects in development of $2.9 million (2021: $3.9 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.

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

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.

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

	Interest in Associate	
	2022	2021
	$'000	$'000
Balance at the start of the year	78,712	76,292
Share of profit	12,745	2,420
Balance at the end of the year	91,457	78,712

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

	Interest in Associate	
	2022	2021
	$'000	$'000
Cash and cash equivalents	48,419	53,947
Current assets	61,314	35,383
Non-current assets	307,548	313,641
Current liabilities	(55,419)	(57,352)
Non-current liabilities	(178,948)	(188,208)
Net assets	182,914	157,411

8. Subsidiaries and equity-accounted investee (continued)

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

	Interest in Associate	
	2022	2021
	$'000	$'000
Revenue	243,072	195,871
Depreciation and amortization	(17)	(16)
Profit for the year, being total comprehensive income	25,490	4,846
Group's share of total comprehensive income	12,745	2,420

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

	Interest in Associate	
	2022	2021
	$'000	$'000
Net Assets as at the end of the year	182,914	157,411
Carrying value	91,457	78,712
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 2% (2021: 2%) 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	
	2022	2021
	$'000	$'000
Fair value of plan assets	213,986	191,324
Present value of funded obligations	(125,416)	(96,426)
	88,570	94,898
Asset recognised	44,285	47,449

The Rules of the plan permit the Company, as sponsor, an unconditional right to a maximum of 50% of the surplus on discontinuance of the plan. The economic benefit was determined as the lower of 50% of the surplus on discontinuance and the surplus on a going concern basis, in accordance with Trust deed.

(ii) Movements in funded obligations:

	2022	2021
	$'000	$'000
Balance at beginning of year	(96,426)	(91,508)
Benefits paid	4,591	4,696
Current service cost	(1,118)	(1,909)
Interest cost	(8,793)	(8,466)
Voluntary contributions	(1,644)	(449)
Past service cost	(2,295)	-
Gain on curtailment	-	1,804
Remeasurement loss on obligation for OCI	(17,803)	(9,839)
Exchange gain	(1,928)	9,245
Balance at end of year	(125,416)	(96,426)

(iii) Movements in plan assets:

	2022	2021
	$'000	$'000
Fair value of plan assets at beginning of year	191,324	198,548
Contributions paid:		
Employer	1,111	992
Employees	1,644	1,441
Interest income on assets	16,646	16,329
Benefits paid	(4,591)	(4,696)
Administrative expenses	-	(110)
Remeasurement gain/(loss) on assets for OCI	4,032	(5,257)
Exchange loss	3,820	(15,923)
Fair value of plan assets at end of year	213,986	191,324

9. Employee benefits (continued)

(a) Defined benefit pension plan (continued):

(iii) Movements in plan assets (continued):

	The Group and Company	
	2022	2021
	$'000	$'000
Plan assets consist of the following:		
Investments quoted in active markets:		
Equities	66,102	70,477
Government bonds	49,693	40,465
Corporate bonds and other debt securities	29,030	38,739
Pooled pension investments	20,014	22,214
Unquoted investments:		
Real estate	13,074	12,174
Net current assets	36,073	7,255
	213,986	191,324

Included in the plan assets as at December 31, 2022 are:

- Real estate occupied by the Group with a fair value of $13.3 million (2021: $12 million); and
- JPS 7.35% promissory notes with a fair value of $809,000 (2021: $815,000).

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

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

	The Group and Company	
	2022	2021
	$'000	$'000
Current service cost	1,118	1,909*
Past service cost	2,295	-
Interest cost	8,793	8,466
Administrative expenses	-	110
Interest income on assets	(16,646)	(16,329)
Interest on effect of asset ceiling	3,870	1,637*
Gain on curtailment	-	(1,804)
Exchange (gain)/loss	(1,892)	6,678*
Total credit	(2,462)	(1,779)
Net credit recognised due to limitation	(1,231)	(890)

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

*Reclassified

9. Employee benefits (continued)

(a) Defined benefit pension plan (continued):

(v) Remeasurement loss recognised in other comprehensive income:

	The Group and Company	
	2022	2021
	$'000	$'000
Remeasurement loss on obligation for OCI	17,803	9,839
Remeasurement loss on assets for OCI	4,032	5,257
Change in effect of asset ceiling	(10,262)	(5,020)
Exchange loss on asset and obligation for OCI	-	1,818
Total remeasurement loss, net	11,573	11,894
Remeasurement loss recognised due to limitation	5,787	5,947

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

	The Group and Company	
	2022	2021
	$'000	$'000
Changes in financial assumptions	(31,252)	(8,413)
Changes in demographic assumptions	(46)	-
Change in effect of asset ceiling	(7,985)	-
Experience adjustments	45,070	(512)
Remeasurement loss on defined benefit obligation	5,787	(8,925)

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

	The Group and Company	
	2022	2021
	$'000	$'000
Return on plan assets	20,678	20,180
Interest income on plan assets	(16,646)	(14,923)
	4,032	5,257

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	
	2022	2021
Inflation rate	5.50%	5.00%
Discount rate	13.00%	8.00%
Future salary increases	7.50%	5.00%
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 (GAM94S) 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, 2022, is 22 years (2021: 16.1 years).

The Group's estimated contribution for the 12 months following reporting date is $1.1 million (2021: $1.06 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			
	2022		2021	
	Increase 1% $'000	Decrease 1% $'000	Increase 0.5% $'000	Decrease 0.5% $'000
Discount rate	(9,431)	11,417	(90,271)	103,285
Future salary growth	2,769	(2,545)	98,348	(94,601)

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

9. Employee benefits (continued)

(b) Other employee benefits obligation:

	The Group and Company	
	2022	2021
	$'000	$'000
Accumulated sick pay - Current	8,992	-
Accumulated sick pay – Non-current	-	6,589

(c) Defined contribution pension plan:

The Group's contributions to the defined contribution pension plan for the year aggregated $1.3 million (2021: $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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash at bank and in hand	60,123	42,783	57,489	42,759

11. Restricted cash

	The Group and Company	
	2022	2021
	$'000	$'000
Self-insurance sinking fund	53,522	50,446
Deposit guarantees on staff loans, IPP contracts etc.	1,001	1,001
	54,523	51,447

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 3.33% (2021: 3.49%) per annum.

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12. Accounts receivable

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables	179,062	168,818	179,062	168,818
Unbilled revenue	29,232	35,564	29,232	35,564
Allowance for impairment losses	(63,136)	(67,625)	(63,136)	(67,625)
	145,158	136,757	145,158	204,382
Prepayments	31,931	9,551	31,769	9,543
Other receivables	12,334	6,465	12,138	5,718
	189,423	152,773	189,065	152,018

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, 2022 was 4.274% (2021: 4.489%) [Note 32 (a)[i].

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

	The Group and Company	
	2022	2021
	$'000	$'000
Balance at the beginning of year	67,625	64,938
Impairment loss recognised	7,435	9,671
Amounts written off	(11,924)	(6,984)
Balance at the end of year	63,136	67,625

13. Inventories

	The Group and Company	
	2022	2021
	$'000	$'000
Fuel	11,262	5,996
Generation spares	6,428	6,323
Transmission, distribution and other spares	20,670	20,755
	38,360	33,074
Less: Allowance for impairment	(4,519)	(2,898)
	33,841	30,176

Inventories of $116 million (2021: $61 million) were recognised as inventory related expenses during the year and included in cost of sales.

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	2022	2021
	'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).

	The Group and Company	
	2022	2021
	$'000	$'000
At the beginning of the year	19,288	19,288
Transfer from capital reserves on disposal of property	(389)	-
At the end of the year	18,899	19,288

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables	78,110	81,073	77,502	81,073
Interest accrued on customer deposits and loans	9,613	9,710	9,613	9,710
Dividend payable (Note 29)	621	621	621	621
Other payables	56,102	20,043	55,852	19,705
Provisions (see below)	2,273	2,141	2,273	2,141
	146,719	113,588	145,861	113,250

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17. Accounts payable and provisions (continued)

Movement in provisions during the year was as follows:

	The Group and Company	
	2022	2021
	$'000	$'000
At the beginning of the year	2,141	2,185
Provisions made during the year	503	143
Provisions utilised during the year	(371)	(187)
At the end of the year	2,273	2,141

18. Related party balances and transactions

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
(i) Due from:				
South Jamaica Power Company Limited	2,693	1,277	1,839	1,217
South Jamaica Energy Holdings Limited	-	-	4	3
Maru Energy JPSCO I SRL	40	74	40	74
	2,733	1,351	1,883	1,294
(ii) Due to:				
South Jamaica Power Company Limited	41,185	23,020	39,859	23,020
Caribbean Blue Skies Energy Limited	-	-	2,275	1,274
EWP (Barbados) 1 SRL	1,513	481	1,513	481
	42,698	23,501	43,647	24,775

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.

The Group has various ongoing transactions with related companies. These include the provision of technical support and related professional services, the acquisition of specialized equipment and spare parts and operation and maintenance support services.

These transactions include:

	2022	2021
	$'000	$'000
Power purchase costs	247,059	200,467
Insurance expenses	5,832	4,914
Rental expense	703	703
Operation and maintenance support expenses	1,121	-
Management and other technical fees	2,849	2,804

18. Related party balances and transactions (continued)

(b) Related party transactions (continued):

(i) 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 2022 was $174.6 million (2021: $143 million).

(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.

(iii) Key management personnel

Key management personnel compensation comprised the following.

	2022	2021
	$'000	$'000
Short-term employee benefits	2,012	1,733
Post-employment benefits	43	41
	2,055	1,774

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (see Note 9).

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

19. Customers' deposits

	The Group and Company	
	2022	2021
	$'000	$'000
Customers' deposits for electricity service (i)	22,406	16,570
Customers' advances for construction (ii)	24,024	16,134
	46,430	32,704

(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	
		2022	2021
		$'000	$'000
(i)	Kreditanstalt fur Weideraudfbau of Frankfurt Government of Jamaica (KFW/GOJ), 7% fixed rate, repayable 2030 [€3.9 million (2021: €3.9 million)]	4,211	4,443
(ii)	Peninsula Corporation US$10M 4.25% fixed rate, repayable 2025	10,000	10,000
(iii)	NCB Syndicated J$2.45B Loan 5.96% & US$20M 5.95% fixed rate, repayable 2029 [J$4.0 billion (2021: J$4.5 billion)]	26,296	28,462
(iv)	Citibank/Overseas Private Investment Corporation US$120M variable rate, repayable 2026	60,818	75,837
(v)	Caribbean Development Bank US$25M variable rate, repayable 2029	17,500	20,000
(vi)	CIBC First Caribbean International Bank US$ 80.625M fixed rate, repayable 2029		
	Tranche A - US$50.625M 6% fixed rate	36,158	41,726
	Tranche B - J$1.370B 7.5% fixed rate [J$989 million (2021: J$1.1 billion)]	6,507	7,361
	Tranche C – US$20.0M 5.5% fixed rate	14,920	17,117
(vii)	Sagicor Investments 8.4% fixed rate US$180M JMD portion, repayable 2034 [J$10.7 billion (2021: J$10.7 billion)]	69,449	67,973
(viii)	Sagicor Investments 7.35% fixed rate US$180M USD portion, repayable 2029	99,229	99,053
(ix)	BNS J$2.362B 5.75% fixed rate, repayable 2027 [J$1.9 billion (2021: J$2.1 billion)]	12,430	13,710
(x)	BNS US$17.5M 4.75% fixed rate, repayable 2027	13,974	15,715
Total long-term loans		371,492	401,397
Less: Current portion		(35,713)	(45,567)
Non-current portion		335,779	355,830

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 2025. Interest is paid quarterly at a fixed interest rate of 4.25%.

(iii) This loan is an unsecured Syndicated Jamaican Dollar loan and has a fixed interest rate 5.95% (JMD) and 5.96% (USD). 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 (US$1.39 million equivalent) beginning December 2019 with bullet payment of J$1.274 billion (US$8.37 million equivalent) at maturity. The amount due is carried net of debt issuance costs of $0.25 million (2021: $ 0.30 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 $0.72 million (2021: $1.1 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 utilization 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 $0.49 million. (2021: $0.57 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 $0.79 million. (2021: $0.89 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 $0.77 million. (2021: $0.95 million).

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 (US$0.77 million equivalent) to begin January 2021 and mature in July 2027.

Reconciliation of movement of long term loans to cash flows arising from financing activities;

	The Group and Company	
	2022	2021
	$'000	$'000
Balance at start of the year	401,397	455,734
Changes from financing cash flows	(61,354)	(83,475)
Interest expense	26,221	26,965
Other changes	5,228	2,173
Balance at end of the year	371,492	401,397

21. Preference shares

This comprises cumulative preference shares as follows:

	The Group and Company			
	Number of shares			
	2022	2021	2022	2021
	'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.

21. Preference shares (continued)

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.

22. Deferred taxation

Deferred taxation relates to:

	The Group and Company						
	Balance at December 31, 2020 $'000	Recognised in profit of loss [Note 27 (a)] $'000	Recognised in other comprehensive income $'000	Balance at December 31, 2021 $'000	Recognised in profit of loss [Note 27 (a)] $'000	Recognised in other comprehensive income $'000	Balance at December 31, 2022 $'000
Employee benefits, net	(14,713)	(889)	1,982	(13,620)	(74)	1,929	(11,765)
Unrealised foreign exchange gains	(2,261)	3,822	-	1,561	(4,383)	-	(2,822)
Property, plant & equipment	(42,352)	1,241	-	(41,111)	27	-	(41,084)
Right-of-use assets	(183,648)	13,275	-	(170,373)	12,527	-	(157,846)
Lease obligations	190,353	(8,823)	-	181,530	(8,493)	-	173,037
Accounts payable	13,489	(282)	-	13,207	383	-	13,590
Other	6,713	(3,048)	-	3,665	1,036	-	4,701
	(32,419)	5,296	1,982	(25,141)	1,023	1,929	(22,189)

23. Decommissioning provision

	The Group and Company	
	2022 $'000	2021 $'000
Decommissioning obligation at the beginning of the year	27,742	27,010
Unwinding of discount (included in finance costs)	696	732
Provision utilized during the year	(278)	-
	28,160	27,742

The Group estimates the total undiscounted cash flows required to settle its decommissioning obligations is approximately $37.6 million (2021: $37.6 million), which will be incurred between 2024 and 2025.The provision has been calculated using a discount rate of 3.2%-4.8%, which is close to the risk-free rate in Jamacia.

Notes to the Financial Statements (Continued)
December 31, 2022
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24. Operating revenue

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Supply of electricity	1,140,973	950,525	1,140,973	950,525
Operation and maintenance services	8,227	6,837	-	-
Other revenue	14,387	16,007	13,085	16,007
	1,163,587	973,369	1,154,058	966,532

25. Expenses

(a) Cost of sales

	The Group and Company	
	2022	2021
	$'000	$'000
Fuel	636,933	472,453
Purchased power (excluding fuel) [Note 4]	138,138	123,045
Other	161	378
	775,232	595,876

(b) Operating expenses

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Depreciation and amortisation	116,578	118,107	116,571	118,101
Staff cost	73,066	57,397	68,559	53,797
Directors' fees and emoluments	59	63	59	63
Repairs and maintenance	10,636	6,518	9,579	6,518
Selling expense (advertising and marketing)	665	671	665	671
Audit fees	258	218	258	218
General expenses	57,450	58,629	55,832	56,668
	258,712	241,603	251,523	236,036

25. Expenses (continued)

(c) Net finance cost

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Realised foreign exchange losses, net	(8,245)	(11,712)	(8,245)	(11,712)
Unrealised foreign exchange gains, net	5,845	5,897	5,838	5,897
Foreign exchange losses, net	(2,400)	(5,815)	(2,407)	(5,815)
Other finance costs:				
Long-term loans	(26,221)	(26,965)	(26,221)	(26,965)
Leases	(39,149)	(40,989)	(39,149)	(40,988)
Customer deposits	(778)	(194)	(778)	(194)
Bank overdraft and other	(431)	(798)	(431)	(798)
Preference dividends	(2,334)	(2,334)	(2,334)	(2,334)
Debt issuance costs and expenses	(788)	(990)	(788)	(990)
Other debt expenses	(509)	(497)	(509)	(496)
	(70,210)	(72,767)	(70,210)	(72,765)
	(72,610)	(78,582)	(72,617)	(78,580)
Finance income:				
Interest income	5,922	5,004	5,922	5,004
Interest capitalised during construction	1,226	1,140	1,226	1,140
	7,148	6,144	7,148	6,144
	(65,462)	(72,438)	(65,469)	(72,436)

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

Notes to the Financial Statements (Continued)
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26. Other income and expenses

(a) Other income comprises:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Rental income	175	144	175	144
Credit balances and other deposits written off	90	346	90	346
Proceeds from scrap sales and other settlements	5,108	2,356	5,105	2,356
Gain on sale of property, plant and equipment	205	-	205	-
	5,578	2,846	5,575	2,846

(b) Other expenses comprise:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Miscellaneous expenses	420	2,210	420	2,210
Restructuring costs	2,326	4,739	2,326	4,739
Inventory and other costs written off	2,707	916	2,707	916
Loss on disposal of property, plant and equipment	-	11	-	11
	5,453	7,876	5,453	7,876

27. Taxation

(a) Taxation is computed at 33⅓% /25% of the results for the year, adjusted for tax purposes and comprises:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current tax expense:				
Current income tax expense	16,261	14,369	15,877	14,119
Deferred tax:				
Origination and reversal of temporary differences (Note 22)	(1,023)	(5,296)	(1,023)	(5,296)
Taxation expense	15,238	9,073	14,854	8,823

27. Taxation

(b) Reconciliation of tax expense:

	The Group		The Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	69,616	51,171	54,521	47,483
Computed "expected" tax at 33⅓%/ 25%	23,205	17,057	18,174	15,828
Tax effect of differences between profit for financial statements and tax reporting purposes in respect of:				
Investment allowances	(5,363)	(3,752)	(5,363)	(3,752)
Loan fees disallowed	325	400	325	400
Unrealised foreign exchange (gains)/losses on capital items, net	875	(3,526)	875	(3,526)
Share of results of interest in equity-accounted investee	(4,248)	(807)	-	-
Other	444	(299)	843	(127)
Taxation expense	15,238	9,073	14,854	8,823

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	
	2022	2021
	\$'000	\$'000
Profit for the year	54,378	42,098
Number of shares (shown in thousands - Note 14)	21,828,195	21,828,195
Earnings per share/stock unit	0.25¢	0.19¢

29. Dividends

(a) Dividends on ordinary shares:

	2022 \$'000	2021 \$'000
Interim dividend - 0.0002290615392¢ (2021: 0.00013744¢) per ordinary share-gross	5,000	3,000
Final dividend- 0.0004581230783¢ (2021:0.00032069¢ per ordinary share-gross	10,000	7,000
	15,000	10,000

(b) Dividends on cumulative preference shares accrued at December 31, 2022 amounted to \$0.6 million (2021: \$0.6 million) [see note 17].

30. Commitments for expenditure

As at December 31, 2022, commitments for capital expenditure, for which no provision has been made in these financial statements, amounted to approximately \$2 million (2021: \$10.4 million). At the reporting date, the Group has sufficient cash resources to fulfil these commitments.

31. Contingent liabilities

As at December 31 2022, the Group is subject to various lawsuits and other third party challenges in the normal course of business. The outcome of these matters 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, 2022, provisions of \$2.3 million (2021: \$2.1 million) relating to pending legal actions, were made in the financial statements (Note 17).

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.

32. Financial instruments (continued)

(b) Financial risk management (continued):

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, unbilled revenue 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.

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.

32. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Expected credit loss assessment for trade receivables as at December 31, 2022

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			
	2022			
Age buckets	Computed ECL rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
1 - 30 days	3.64%	97,925	3,563	No
31-60 days	16.78%	6,687	1,122	No
61-90 days	34.61%	2,589	896	No
Over 90 days	80.09%	71,861	57,555	Yes
		179,062	63,136	

	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	

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 $24 million (2021: $17.4 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.

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 short-term liquid assets to ensure that sufficient liquidity is maintained within the Group as a whole. As at December 31, 2022, the Group had unutilized lines of credit aggregating $68.8 million (2021: $68.8 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 gross payments (including principal and interest) in respect of the amounts recognised in the statement of financial position.

	The Group						
	2022						
		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*	144,446	144,446	144,446	-	-	-	-
Long-term loans	371,492	485,905	67,240	104,788	99,770	160,404	53,703
Lease obligations	519,114	834,704	75,456	74,079	190,278	269,475	225,416
Preference shares**	24,688	59,698	2,334	2,334	7,002	11,670	36,358
Due to related parties	42,698	42,698	42,698	-	-	-	-
Customer deposits	46,430	53,101	445	24,469	1,334	2,224	24,629
Total financial liabilities	1,148,868	1,620,552	332,619	205,670	298,384	443,773	340,106

	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*	111,447	111,447	111,447	-	-	-	-
Long-term loans	401,397	524,314	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	32,704	34,673	179	179	537	17,029	16,749
Total financial liabilities	1,138,335	1,662,181	284,012	167,166	339,689	494,384	376,930

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32. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

The Company

2022

	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*	143,588	143,588	143,588	-	-	-	-
Long-term loans	371,492	485,905	67,240	104,788	99,770	160,404	53,703
Lease obligations	519,113	864,703	75,455	74,079	190,278	269,475	255,416
Preference shares**	24,688	59,698	2,334	2,334	7,002	11,670	36,358
Due to related parties	43,647	43,647	43,647	-	-	-	-
Customer deposits	46,430	53,101	445	24,469	1,334	2,224	24,629
Total financial liabilities	1,148,958	1,650,642	332,709	205,670	298,384	443,773	370,106

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*	111,109	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

*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 optimizing the return on risk.

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, 2022, 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, 2022, the interest profile of the Group's interest-bearing financial instruments was:

	The Group and Company	
	Carrying amount	
	2022 $'000	2021 $'000
Total debt		
Fixed rate instruments:		
Financial assets	54,626	51,546
Financial liabilities	(317,862)	(330,248)
Variable rate instruments:		
Financial liabilities	(100,724)	(112,407)

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.

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 (2021: 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			
	2022		2021	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	$'000	$'000	$'000	$'000
Cash flow sensitivity (net)	(1,007)	1,007	(1,124)	1,124

- *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.

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			
	2022			
	J$	€	£	US$ equivalent
	$'000	$'000	$'000	$'000
Cash and cash equivalents	16,073,220	-	-	50,128
Trade and other receivables	24,841,918	-	-	163,378
Accounts payable	(13,069,453)	(4,761)	(10)	(91,177)
Long-term loans	(17,595,348)	(3,897)	-	(119,931)
Customer deposits	(7,059,789)	-	-	(46,430)
	(3,190,548)	(8,658)	(10)	(44,032)

	2021			
	J$	€	£	US$ equivalent
	$'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)

Notes to the Financial Statements (continued)
December 31, 2022
(*Expressed in United States Dollars*)

32. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued)

- *Foreign currency risk (continued):*

	The Company			
	2022			
	J$	€	£	US$ equivalent
	$'000	$'000	$'000	$'000
Cash and cash equivalents	7,622,123	-	-	50,128
Trade and other receivables	24,707,578	-	-	162,494
Accounts payable	(13,063,197)	(4,761)	(10)	(85,899)
Long-term loans	(17,595,348)	(3,879)	-	(119,931)
Customer deposits	(7,059,789)	-	-	(46,430)
	(5,388,634)	(8,640)	(10)	(39,638)

	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)

32. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued)

- *Foreign currency risk (continued):*

Sensitivity analysis:

A 4% (2021: 8%) 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			
	2022		2021	
	Equity $'000	Profit/(loss) $'000	Equity $'000	Profit/(loss) $'000
J$	1,363	1,363	1,760	1,760
Euro (€)	361	361	782	782
Total	1,724	1,724	2,542	2,542

A 1% (2021: 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			
	2022		2021	
	Equity $'000	Profit $'000	Equity $'000	Profit $'000
J$	(358)	(358)	(485)	(485)
Euro (€)	(95)	(95)	(216)	(216)
Total	(453)	(453)	(701)	(701)

(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.

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 organized 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 realization or discounts on settlement.

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.

Long-term loans and preference shares 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 discounted cash flow.
- Apply quoted 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			
	2022		2021	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial liabilities:				
Preference shares	24,688	48,445	24,688	30,960
Long term loans	371,492	433,457	401,397	487,145

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

	The Group and Company		
	2022		
	Level 1 $'000	Level 2 $'000	Total $'000
Liabilities for which fair values are disclosed:			
Preference shares	(48,445)	-	(48,445)
Long term loans	-	(433,457)	(433,457)
	(48,445)	(433,457)	481,902

32. Financial instruments (continued)

(d) Fair value disclosure (continued):

	The Group and Company		
	2021		
	Level 1 $'000	Level 2 $'000	Total $'000
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)

33. Reclassifications

For the purpose of presentation, in the statement of cash flows, the Group has reclassified the following comparative figures for the year ended December 31, 2021:

Interest and dividend payments, previously combined as “interest and dividend paid” (Group:$92,051,000 and Company:$92,050,000) are presented separately in financing activities.

- Net foreign exchange difference related to cash and cash equivalents (both Group and Company $3,407), previously presented within operating activities is now reported as part of the reconciliation of cash and cash equivalents at the beginning and the end of the period.

The above reclassifications did not result in any change in prior year’s reported profit, equity or statement of financial position.

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, 28th day of July, 2023** 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, 2022 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, 2022 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 an interim dividend of the Jamaican equivalent of Five Million United States Dollars (US$5,000,000.00) or 0.0002290615392 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 29th day of July 2022 payable on the 31st day of August 2022 to share/stockholders registered at close of business on the 29th day of July 2022. This amount will be distributed out of retained earnings.

ii. RESOLVED that this Board HEREBY APPROVES a final dividend of the Jamaican equivalent of Ten Million United States Dollars (US$10,000,000.00) or 0.0004581230783 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 15th day of December 2022 payable on the 21st day of December 2022 to share/stockholders registered at close of business on the 15th day of December 2022. This amount will be distributed out of retained earnings.

3. TO ELECT DIRECTORS

(a). In accordance with Articles 62, 86 and 123 of the Company's Articles of Incorporation, Directors Hyung Chae Yang, Damian Obiglio, Ha Kyoung Song, Youn Gyu Jung (Alternate Director), and Jin Kyo Kim (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 Damian Obiglio, MaruEnergy JPSCO 1, SRL, is hereby elected a Director of the Company and Chairman of the Board of Directors";

ii. "That Ha Kyoung Song, EWP (Barbados) 1, SRL, is hereby elected a Director of the Company";

iii. "That Hyung Chae Yang, EWP (Barbados) 1, SRL, is hereby elected a Director of the Company";

iv. "That Jin Kyo Kim, EWP (Barbados) 1, SRL, is hereby elected an Alternate Director of the Company"; and

v. "That Youn Gyu Jung, EWP (Barbados) 1, SRL, is hereby elected an Alternate Director of the Company".

4. TO AUTHORISE 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, 2023

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 **28th** day of **July, 2023** 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(a)(ii)		
Resolution 3(a)(iii)		
Resolution 3(a)(iv)		
Resolution 3(a)(v)		
Resolution 4		
Resolution 5		
ANY OTHER BUSINESS		

DATED THE .... DAY OF 2023

....
(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 AUTHORISED 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.

Jamaica Public Service Company Limited
6 Knutsford Boulevard
Kingston 5, Jamaica, W.I.
www.jpsco.com