

JAMAICA PUBLIC SERVICE COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

{Unaudited results in US\$ thousand}

	Dec-22 \$'000	{Audited} Dec-21 \$'000
ASSETS		
Non-current assets		
Property, plant and equipment	828,170	821,575
Right-of-use assets	473,538	511,127
Investment in equity-accounted investee	91,620	78,712
Employee benefits asset	44,285	47,449
	<u>1,437,613</u>	<u>1,458,863</u>
Current assets		
Cash and cash equivalents	45,923	42,783
Restricted cash	54,523	51,447
Accounts receivable	161,642	152,773
Corporation tax recoverable	2,851	-
Due from related parties	2,078	1,351
Inventories	33,841	30,176
	<u>300,858</u>	<u>278,530</u>
Total assets	<u>1,738,471</u>	<u>1,737,393</u>
Shareholders' equity		
Share capital	261,786	261,786
Capital reserve	18,899	19,288
Capital redemption reserve	3,000	3,000
Retained earnings	286,139	250,836
	<u>569,824</u>	<u>534,910</u>
Current liabilities		
Accounts payable and provisions	131,446	113,588
Corporation tax payable	-	2,535
Due to related parties	27,919	23,501
Lease liabilities	28,814	26,970
Current portion of long-term loans	35,713	45,567
	<u>223,892</u>	<u>212,161</u>
Non-current liabilities		
Customers' deposits	46,430	32,704
Long-term loans	335,779	355,830
Lease liabilities	490,300	517,628
Preference shares	24,688	24,688
Deferred taxation	19,398	25,141
Decommissioning provision	28,160	27,742
Employee benefits obligation	-	6,589
	<u>944,755</u>	<u>990,322</u>
Total liabilities	<u>1,168,647</u>	<u>1,202,483</u>
Total shareholders' equity and liabilities	<u>1,738,471</u>	<u>1,737,393</u>

ON BEHALF OF THE BOARD



Yong Hyun Kim

Chairman



Minna Israel

Director

JAMAICA PUBLIC SERVICE COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2022

{Unaudited results in US\$ thousand}

	Quarter ended,		Year ended,	{Audited} Year ended,
	Dec-22	Dec-21	Dec-22	Dec-21
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Operating revenue	280,314	275,253	1,160,956	973,369
Cost of sales	<u>(187,247)</u>	<u>(174,231)</u>	<u>(775,107)</u>	<u>(595,876)</u>
Gross profit	93,067	101,022	385,849	377,493
Operating expenses	(67,923)	(61,669)	(256,194)	(241,603)
Impairment loss on trade receivables	<u>1,071</u>	<u>(4,151)</u>	<u>(7,435)</u>	<u>(9,671)</u>
Operating profit	26,215	35,202	122,220	126,219
Net Finance costs	(17,434)	(15,294)	(65,461)	(72,438)
Other income/(expenses), net	<u>(194)</u>	<u>(1,657)</u>	<u>(1,612)</u>	<u>(5,030)</u>
	8,587	18,251	55,147	48,751
Share of profit/(loss) in equity-accounted investee	<u>6,432</u>	<u>(3,834)</u>	<u>12,908</u>	<u>2,420</u>
Profit before taxation	15,019	14,417	68,055	51,171
Taxation	<u>693</u>	<u>1,181</u>	<u>(14,283)</u>	<u>(9,073)</u>
Profit for the year	<u>15,712</u>	<u>15,598</u>	<u>53,772</u>	<u>42,098</u>
Other comprehensive income				
Items that will never be reclassified to profit or loss:				
Remeasurement gain on defined benefit plan, net of tax	<u>(3,858)</u>	<u>(3,965)</u>	<u>(3,858)</u>	<u>(3,965)</u>
Total comprehensive income attributable to shareholders	<u>11,854</u>	<u>11,633</u>	<u>49,914</u>	<u>38,133</u>
Earnings per share/stock unit:				
Number of share/stock units (in thousands)	<u>21,828,195</u>	<u>21,828,195</u>	<u>21,828,195</u>	<u>21,828,195</u>
Net profit per share/stock unit (annualised)	<u>0.29¢</u>	<u>0.29¢</u>	<u>0.25¢</u>	<u>0.19¢</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED) FOR THE
PERIOD ENDED DECEMBER 31, 2022**

{Unaudited results in US\$ thousand}

	Dec-22	{Audited} Dec-21
	<u>US\$'000</u>	<u>US\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	53,772	42,098
Adjustments for non-cash items:		
Depreciation and amortisation	116,578	118,106
(Gain)/loss on disposal of property, plant and equipment	(206)	11
Unrealised foreign exchange (gains)/losses	2,108	(5,897)
Amortisation of debt issuance costs	788	990
Interest income	(5,923)	(5,004)
Interest capitalised	(1,226)	(1,140)
Interest expense	69,422	71,280
Income tax expense	18,097	14,369
Deferred tax expense	(3,814)	(5,296)
Share of profit in equity-accounted investee	(12,908)	(2,420)
Employee benefit obligations, net	<u>(9,212)</u>	<u>(5,958)</u>
	227,476	221,139
Changes in working capital:		
Restricted cash	(3,076)	(2,935)
Accounts receivable	(8,274)	(8,280)
Inventories	(3,665)	9,113
Payables and provisions	18,269	14,854
Taxation	(23,483)	(17,002)
Due (to)/from related companies, net	3,691	(4,462)
Customer deposits and advances	<u>13,726</u>	<u>6,099</u>
Cash provided by operating activities	<u>224,664</u>	<u>218,526</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	825	-
Purchase of property, plant & equipment	(84,793)	(71,771)
Interest received	<u>5,717</u>	<u>4,943</u>
Cash used in investing activities	<u>(78,251)</u>	<u>(66,828)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loans received/(repaid), net	(32,801)	(44,747)
Payment of lease liabilities	(26,057)	(26,467)
Interest paid	<u>(84,415)</u>	<u>(92,051)</u>
Cash used in financing activities	<u>(143,273)</u>	<u>(163,265)</u>
Increase/(decrease) in cash & cash equivalents	3,140	(11,567)
Cash and cash equivalents at beginning of period	<u>42,783</u>	<u>54,350</u>
Cash and cash equivalents at end of period	<u>45,923</u>	<u>42,783</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2022**

{Unaudited results in US\$ thousand}

	Share Capital	Capital Reserve	Capital Redemption Reserve	Retained Earnings	TOTAL
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Balance at December 31, 2020	261,786	19,288	3,000	222,703	506,777
Total comprehensive income for the year:					
Profit for the year	-	-	-	42,098	42,098
Other comprehensive income:					
Remeasurement gain on defined benefit plan, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,965)</u>	<u>(3,965)</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,133</u>	<u>38,133</u>
Transactions with owners of the company:					
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Balance at December 31, 2021	261,786	19,288	3,000	250,836	534,910
Total comprehensive income for the year:					
Profit for the year	-	-	-	53,772	53,772
Other comprehensive income:					
Remeasurement gain on defined benefit plan, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,858)</u>	<u>(3,858)</u>
Transfer from reserves	<u>-</u>	<u>(389)</u>	<u>-</u>	<u>389</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>(389)</u>	<u>-</u>	<u>50,303</u>	<u>49,914</u>
Transactions with owners of the company:					
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
Balance at December 31, 2022	<u>261,786</u>	<u>18,899</u>	<u>3,000</u>	<u>286,139</u>	<u>569,824</u>

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) DECEMBER 31, 2022

1. Corporate structure and nature of business

Jamaica Public Service Company Limited (“the Company”) is incorporated and domiciled in Jamaica as a limited liability company and 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 Company and its subsidiaries, South Jamaica Energy Holdings Limited and Caribbean Blue Skies Energy Limited, are collectively referred to as the Group. The principal activities of the Group are generating, transmitting, distributing and supplying electricity in accordance with the terms of the amended All-Island Electric Licence, 2016, (the Licence) granted on January 27, 2016, by the Minister of Science, Technology, Energy and Mining.

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

2. Regulatory arrangements and tariff structure

The Licence authorises the Group to supply electricity for public and private purposes within the Island of Jamaica, subject to regulation by the Office of Utilities Regulation (OUR) 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 Group 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. Since the expiration of this initial three-year period, the Group has the right, together with other persons, to compete for the right to develop new generation capacity.

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

JAMAICA PUBLIC SERVICE COMPANY LIMITED
NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
(UNAUDITED) DECEMBER 31, 2022

2. Regulatory arrangements and tariff structure (cont'd)

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 Group 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 Group 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 in case of a major catastrophe affecting the Group's operations (transfer to self-insurance sinking fund).

3. Statement of compliance and basis of preparation

(a) Basis of preparation

The unaudited interim financial statements are prepared in accordance with IAS 34 "Interim Financial Statements".

These financial statements have been prepared using the same accounting policies and methods of computation applied in preparing the financial statements for the year ended December 31, 2021 which was prepared in accordance with International Financial Reporting Standards (IFRS).

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The interim statements are presented in United States dollars, which is the currency in which the Group conducts the majority of its business (its functional currency); and are prepared under the historical cost basis, modified for the inclusion of land carried at valuation.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2021.

JAMAICA PUBLIC SERVICE COMPANY LIMITED
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(UNAUDITED) DECEMBER 31, 2022

4. Restricted cash

As at December 31, 2022, restricted cash included approximately \$53.5 million (Dec-21: \$50.4 million) in relation to a self-insurance sinking fund administered under the direction of the OUR (see note 2).

5. Operating expenses

	Quarter ended		Year ended	
	Dec-22	Dec-21	Dec-22	Dec-21
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Depreciation and amortisation	(30,178)	(30,377)	(116,578)	(118,106)
Staff costs	(19,552)	(12,515)	(72,312)	(57,399)
Other	<u>(18,193)</u>	<u>(18,777)</u>	<u>(67,304)</u>	<u>(66,098)</u>
	<u>(67,923)</u>	<u>(61,669)</u>	<u>(256,194)</u>	<u>(241,603)</u>

6. Net finance costs

	Quarter ended		Year ended	
	Dec-22	Dec-21	Dec-22	Dec-21
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Foreign exchange gain/(loss)	(1,532)	824	(2,400)	(5,813)
Other finance costs	(17,503)	(16,905)	(67,876)	(70,435)
Preference dividends	(587)	(589)	(2,334)	(2,334)
Finance income	<u>2,188</u>	<u>1,376</u>	<u>7,149</u>	<u>6,144</u>
	<u>(17,434)</u>	<u>(15,294)</u>	<u>(65,461)</u>	<u>(72,438)</u>