

(Expressed In Eastern Caribbean Dollars)

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# Directors’ Report to Shareholders for the Period Ended June 30, 2025

The Directors are pleased to report on the unaudited consolidated results for St. Lucia Electricity Services Limited (LUCELEC) for the six months ended June 30, 2025.

## Results of Operations

The following analysis is based on the consolidated results of St. Lucia Electricity Services Limited and its subsidiaries: LUCELEC Cap-Ins. Inc. and Energyze Holdings Inc. (EHI)

Unit electricity sales for the six months ended June 30, 2025 (201.0M kWhs) decreased by 0.4% (0.9M kWhs) compared to the same period in 2024 of 201.9M kWhs. This was due to the reduction in sales in the Hotels (0.3%) and Street Lights (51.4%) sectors, despite increases in sales in the Domestic (1.5%), Commercial (0.2%) and Industrial (1.3%) sectors.

Total revenue for the period ended June 30, 2025 (EC\$182.4M) was lower than that earned for the corresponding period in 2024 (EC\$196.7M) by 7.3% (EC\$14.3M) due to decreases in the average price of electricity (EC\$11.2M), unbilled sales provision (EC\$1.9M), unit sales (EC\$0.9M or 0.4%) and sundry revenue (EC\$0.3M).

Fuel costs for the current period (EC\$95.1M) were 12.4% (EC\$13.5M) lower than the costs incurred for the same period in 2024 (EC\$108.6M) due to the reduction in fuel prices (EC\$11.8M) and fuel usage (EC\$1.7M).

Transmission and Distribution (T&D) expenses for the current period (EC\$21.4M) were higher than the same period in 2024 (EC\$19.7M) by 8.6% (EC\$1.7M) due to increases in T&D network maintenance costs (EC\$1.3M), depreciation (EC\$0.2M), building maintenance (EC\$0.1M) and software maintenance (EC\$0.1M).

Generation expenses for the six months ended June 30, 2025 (EC\$14.9M) were higher than the same period in 2024 (EC\$13.6M) by 9.6% (EC\$1.3M) due to increases in engine maintenance costs (EC\$0.9M), depreciation (EC\$0.1M), payroll costs (EC\$0.1M) and building maintenance costs (EC\$0.2M).

Administrative expenses for the current period (EC\$19.6M) were higher than that incurred for the same period in 2024 (EC\$19.4M) by 1.0% (EC\$0.2M) due to increases in payroll and other employee costs (EC\$0.9M), repairs and maintenance (EC\$0.2M) and professional fees (EC\$0.2M), despite decreases in amortization and depreciation (EC\$0.2M), training and conferences (EC\$0.2M), strategic initiatives (EC\$0.3M), bad debts provision (EC\$0.2M) and other administrative costs (EC\$0.2M).

The investments held by the subsidiary, LUCELEC Cap-Ins. Inc., in regional mutual funds and international equities are classified as Fair Value through Profit and Loss (FVTPL) financial assets. The unrealised fair value gain recorded on these investments for the period ended June 30, 2025 (EC\$0.7M) was greater than the unrealised fair value gain recorded in the same period in 2024 (EC\$21.0K).

Profit before tax for the six months ended June 30, 2025 (EC\$31.6M) was 8.7% (EC\$3.0M) lower than the same period in 2024 (EC\$34.6M). The decline was primarily due to a decrease in revenue and the increases in T&D, generation and administrative expenses, despite the unrealised fair value gain on investments and the reduction in finance costs.

Net profit for the six months ended June 30, 2025 (EC\$23.0M) was 7.3% (EC\$1.8M) lower than the net profit earned for the same period in 2024 (EC\$24.8M) due to the decrease

in revenue and the increases in T&D, generation and administrative expenses, despite the fair value gain on investments recorded as well as the decreases in finance costs and taxation.

Earnings per share for the first half of 2025 (EC\$1.00) was 7.4% less than the results of the same period in 2024 (EC\$1.08).

Between August 2023 and February 2024, the Government of Saint Lucia replaced all existing high-pressure sodium streetlights with more energy-efficient LED lights. Challenges with reconciling the number of streetlights and consumption data in the billing system in a timely manner, resulted in unit sales for the six months ended June 30, 2024, being reported at 201.9M kWhs which ought to have been 200.2M kWhs. Total sales for the current period when compared to the sales for same period in 2024 would have been 0.4% (0.8M kWhs) higher, while sales in the Street Lights sector for the current period compared to the same period in 2024 would have been 18.0% lower. Comparing the two periods further, total revenue would have been 6.5% (EC\$12.6M) lower, profit before tax would have been 4.2% (EC\$1.4M) lower and profit after tax would have been 3.0% (EC\$0.7M) lower.

## Technical Operations

The reliability of the electricity network as measured by SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) at the end of June was mixed compared to the same period in 2024. SAIDI at the end of June was 2.53 hours compared to 3.26 hours for the same period in 2024, a 22.39% improvement in performance, and the prorated target for 2025 of 3.08 hours. SAIFI at the end of June was 2.94 compared to 2.62 for the same period in 2024, a 12.21% decline in performance, and the prorated target for 2025 of 2.88. The improvement in SAIDI was attributable to fewer large scale system outages and no recorded impacts from weather systems. The decline in SAIFI was primarily attributed to an increased number of supply interruptions that impacted a significant number of customers, even if these interruptions were of short duration.

The YTD Generation Average Available Capacity at the end of June was 85.54% compared to 87.03% for the same period in 2024.

The peak demand at the end of June was 67.25 MW compared to 67.61 MW recorded in the same period in 2024, a decrease of 0.53%.

The YTD fuel efficiency at the end of June was 4.28 kWh/litre, compared to 4.27 kWh/litre for the same period in 2024 and the target for 2025 of 4.26 kWh/litre. A fuel monitoring system was commissioned at the end of 2024 to assist in managing fuel efficiency; however, some enhancements were deemed necessary and are expected to be completed in Q4 of 2025.

System losses (a lower number is better) on a moving annual total (MAT) basis, were 5.14% at the end of June 2025, compared to 6.62% for the same period in 2024, representing a 22.36% improvement. This is also better than the approved target for 2025 of 6.16%.

The All Injury/Illness Frequency Rate (AIFR) was 0.00 at the end of June 2025 (no incidents) compared to 0.00 for the same period in 2024 and the target for 2025 of 1.0. There were no environmental incidents during Q2, 2025.

## Strategic Initiatives

The pilot public launch of the Prepaid Metering service remains on schedule for the third quarter (Q3) of 2025. It is anticipated that the enhanced value-added functionality for users will be tested during this pilot phase. Barring any unforeseen challenges, the formal full public launch of the service is planned for the first quarter (Q1) of 2026.

As of the end of Q2, the revised Electricity Bill had not yet been reintroduced to Parliament. Initially presented in Q1, it was subsequently withdrawn to allow for

additional public consultation. The Bill aims to align with the evolving energy landscape, particularly in facilitating the transition to renewable energy. The new regulatory framework aims to balance stakeholder interests while ensuring policy objectives are met, in alignment with LUCELEC’s efforts to incorporate more renewable energy into its generation mix and to provide a safe, reliable, and affordable electricity supply.

LUCELEC continues to advance its plans to establish a 10 megawatt (MW) solar farm with battery storage as part of its generation expansion strategy. The Company has secured the land for the solar farm. Geotechnical investigations at the site, along with the environmental and social impact assessment remain on track for completion in early Q3, 2025. The approval of the project by the Development Control Authority (DCA) is anticipated in Q4, 2025, once all conditions are met.

Despite the challenges that LUCELEC faces in increasing the share of renewable energy in the energy mix, the Company remains committed to advancing its strategic objectives. These initiatives are focused on creating an enabling environment and refining internal processes to ensure a safe, reliable and sustainable electricity supply in an evolving technological and regulatory landscape.

The Company is also engaged in a strategy refresh exercise to update its Strategic Business Plan, which is expected to be completed in Q3, 2025.

## Outlook

Management forecasts an increase in sales for 2025. Total operating costs are also projected to rise as the Company continues to implement its Strategic Business Plan (SBP) 2035, alongside the tasks necessary to achieve its operational goals. However, the anticipated increase in revenue is expected to surpass the increase in operating costs leading to a projected increase in net profits for 2025 compared to the results of 2024.

  
John Joseph  
Chairman

## St. Lucia Electricity Services Limited

Consolidated Statement of Financial Position

As at June 30, 2025

(Expressed in Eastern Caribbean Dollars)


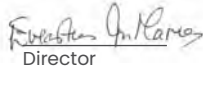
	Unaudited June 30, 2025 EC\$'000	Unaudited June 30, 2024 EC\$'000	Audited December 31, 2024 EC\$'000
<b>Assets</b>			
<b>Non-Current</b>	452,463	431,336	433,271
<b>Current</b>	174,747	176,701	173,555
<b>Total Assets</b>	<b>627,210</b>	<b>608,037</b>	<b>606,826</b>

### Shareholders' Equity and Liabilities

<b>Shareholders' Equity</b>			
Stated capital	80,163	80,163	80,163
Retained earnings	244,502	231,842	236,709
Fair value reserve	88	(1,269)	(499)
Revaluation reserve	59,862	59,862	59,862
Self insurance reserve	56,901	54,150	54,765
<b>Total Shareholders' Equity</b>	<b>441,516</b>	<b>424,748</b>	<b>431,000</b>

<b>Liabilities</b>			
<b>Non-Current</b>	126,106	113,854	108,119
<b>Current</b>	59,588	69,435	67,707
<b>Total Liabilities</b>	<b>185,694</b>	<b>183,289</b>	<b>175,826</b>

<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>627,210</b>	<b>608,037</b>	<b>606,826</b>
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 Director  
 Director