Schedule 2
FORM ECSRC-OR

(Select One)
[ ] QUARTERLY FINANCIAL REPORT for the period ended 31, March 2024
Pursuant to Section 98(2) of the Securities Act, 2001

OR

[ ] TRANSITION REPORT
for the transition period from to
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: LUCELEC09091964SL

St. Lucia Electricity Services Limited
(Exact name of reporting issuer as specified in its charter)

(Territory or jurisdiction of incorporation)

John Compton Highway, Sans Souci, Castries, Saint Lucia
(Address of principal executive Offices)

Reporting issuer's:
Telephone number (including area code): 758-457-4400
Fax number:
Email address: connected@lucelec.com

, ,
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuers classes of common stock, as of the date of completion of this report 2.

CLASS	NUMBER
Ordinary Shares	22400000
Non-voting Ordinary Shares	520000

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:
Gilroy Pultie

Signature:

April 24, 2024
Date

Name of Director:
CHARLES SERIEUX.

Signature:

24 April 2024
Date

Name of Chief Financial Officer:
Bridget Ziva Phillips

Signature

April 24, 2024
Date

1. **Financial Statements.**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

1. Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
2. Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
3. Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
4. By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. **Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The main revenue source of the Company continued to be from the sale of electricity to customers in Saint Lucia.

When compared to the same period in the prior year, the Company recorded an increase in net profit due to an increase in revenue and reduction in operating expenses, despite the increases in administrative expenses and taxation.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

i. The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
ii. Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
iii. The issuer’s internal and external sources of liquidity and any material unused sources of liquid assets
iv. Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer’s financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
v. Circumstances that could impair the issuer’s ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
vi. Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
vii. The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
viii. The issuer’s material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
ix. Any known material trends, favorable or unfavorable, in the issuer’s capital resources, including

any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

1) Liquidity

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

There are no provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation.

The Company’s working capital ratio at March 31, 2024 of 2.5 was higher than that achieved as at December 31, 2023 of 2.2.

The days sales outstanding (DSO) at the end of the current quarter of 40 remained unchanged from December 2023, which can be attributable to the Company's aggressive collections strategy.

The Company has not identified factors specific to it and its markets that it expects will affect its ability to raise short-term and long-term financing, fulfil its debt servicing or other commitments to third parties, and written options on non-financial assets.

2) Capital Resources

Actual capital expenditure for the three months ended March 31, 2024 totaled EC$6.8M, which was primarily upgrades to the Transmission and Distribution (T&D) network, station improvements and engine overhauls.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.

ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.

iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the offbalance sheet arrangements.

iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

N/A

Results of Operations

In discussing results of operations, issuers should highlight the company’s products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.

ii) Significant components of revenues or expenses that should, in the companys judgment, be described in order to understand the issuer’s results of operations.

iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.

v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.

vi) Matters that will have an impact on future operations and have not had an impact in the past.

vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations

viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant’s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ix) Performance goals, systems and, controls.

Overview of 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.

Unit sales for the quarter ended March 31, 2024 (96.9M kWHs) were by 7.7% (6.9M kWhs) greater compared to the same period in 2023 (90.0M kWhs). This was due to increases in sales in the Domestic (9.2%), Commercial (9.1%), Hotels (5.0%) and Industrial (12.5%) sectors, despite the reduction in sales in the Street Lights (16.3%) sector.

Total revenue for the period ended March 31, 2024 (EC$94.4M) was more than that earned for the corresponding period in 2023 (EC$92.0M) by 2.6% (EC$2.4M) due to increases in the average price of electricity (EC$1.5M) and unit sales (EC$6.7M or 7.7%), despite the decreases in unbilled sales provision (EC$5.3M) and sundry revenue (EC$0.5M).

Fuel costs for the current period (EC$53.3M) were 4.1% (EC$2.3M) lower than the costs incurred for the same period in the prior year (EC$55.6M) due to the reduction in fuel prices (EC$8.1M), despite the increase in fuel usage (EC$5.8M).

Transmission and distribution costs for the current period (EC$9.8M) were greater than the same period last year (EC$9.4M) by 4.3% (EC$0.4M). This variance was due to the increase in payroll costs (EC$0.7M), despite the reduction in T&D network maintenance costs (EC$0.1M) and insurance costs (EC$0.2M).

Generation costs for the three months ended March 31, 2024 (EC$6.5M) were lower than the same period in the previous year (EC$7.0M) by 7.1% (EC$0.5M). This was driven by the decrease in engine maintenance costs (EC$0.7M), despite the increases in depreciation (EC$0.1M) and payroll costs (EC$0.1M).

Administrative expenses for the current period (EC$9.0M) were greater than prior year’s expenses (EC$7.9M) by 13.9% (EC$1.1M) due to increases in payroll costs (EC$0.2M), repairs and maintenance (EC$0.1M), training and conferences (EC$0.1M), amortisation and depreciation (EC$0.1M), insurance (EC$0.3M), professional fees (EC$0.3M), public relations and sponsorships (EC$0.1M) and assets not capitalised (EC$0.1M), despite the reduction in bad debt provision (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 March 31, 2024 (EC$0.4M) reduced by 55.6% (EC$0.5M) when compared to the same period last year (EC$0.9M).

Profit before taxation for the three months ended March 31, 2024 (EC$15.9M) was 29.3% (EC$3.6M) higher than the prior year (EC$12.3M) due to the increase in revenue and reduction in operating expenses, despite the increase in administrative expenses.

Net profit for the quarter ended March 31, 2024 (EC$11.6M) was 26.1% (EC$2.4M) higher than the prior year (EC$9.2M) due to the increase in revenue and reduction in operating expenses, despite the increases in administrative expenses and taxation.

Earnings per share for the first quarter of 2024 (EC$0.50) was 25.0% more than the prior year results (EC$0.40).

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

1. The Company faces the risk of disruption to its supply chain and delays in the fulfillment of orders for critical parts required for maintenance works and network expansion projects. Despite the mitigating measures being implemented, this risk continues to be high and has the potential to affect operations and strategic initiatives.

2. The Company had identified the risk that the new regulatory framework could include provisions that require significant changes to operations or could threaten its long-term viability. To mitigate this risk, the Company established a Regulatory Reform Team to spearhead the Company's involvement in the regulatory reform process. This risk is now considered to be stable based on the progress made in completing the draft legislation. Since our last report consensus has been reached on most of the regulations with the Government Regulatory team. However, the proposed regulations must first be subject to public comment and subsequent parlimentary approval before becoming law. It is uncertain how the legislation would change, following this consultation process. With most of the regulations close to completion, the Company is now able to conduct a more thorough evaluation of the changes to operations and structure required to comply with the new regulations. Despite our efforts to reduce this risk through proactive engagement in the legislative process, uncertain events such as the price of fuel, the cost of renewable technology and government policy changes can increase this risk in a short period.

3. A significant portion of the total electricity price to consumers is the cost of fuel. The Company has identified the high cost of electricity, as well as the volatility of fuel prices on the world market, to be significant risks. The Company continues to use fuel price hedging to help mitigate the risk of volatility in fuel prices; however, prices remain relatively high and volatile, given that there are market forces creating both upward and downward pressure on fuel prices. Further efforts at increasing renewable energy sources of generation have been delayed by issues related to land acquisition and higher than expected prices of equipment involved, rendering some projects unfeasible at this time. This risk is considered to be high.

4. The inability to meet consumer demand for electricity is considered a risk to the Company. This can be brought on by either an unforeseen increase in the demand for power or the loss of generators or substations. The Company employs a robust preventative maintenance programme to mitigate the risk of unplanned asset downtime; however, increased delivery and production lead times increase the risk of not being able to restore operations following critical equipment failure. Uncertainty regarding the implementation of investment projects in the private and public sector contributes significantly to the assessment of this risk. This risk is considered moderate. As the existing generation and transmission assets near the end of their useful lives, and the uncertainty of future demand increases, compounded by a delay in finalising an Integrated Resource and Resilience Plan to which all stakeholders are

contributing, this risk is increasing.

5. The annual hurricane season between June and November remains a constant threat to the Company’s assets and operation. As far as practicable the Company continues to design its systems to minimize the impact from hurricanes. The Company continues to maintain a robust disaster recovery plan in the event of extensive damage resulting from a weather system. The risk of loss of T&D assets and resulting impact on the reliability of the power supply is increasing given the intensity of storms affecting the region. This risk is considered to be moderate but increasing.

6. Obtaining insurance coverage for the Transmission & Distribution (T&D) plant on the market at a cost-effective rate continues to be a challenge. As such, the Company established a Self- Insurance Fund as a vehicle to mitigate losses in the event of catastrophic events. As at March 31 2024, the Fund balance was EC$54.4M. The Company has access to a standby credit facility of EC$10.0M to meet any emergency asset restoration costs should the need arise. The Net Book Value of the T&D assets was EC$178.2M at the end of March 2024. Although the Company’s contribution to the Self Insurance Fund is deemed to be adequate, the fund would not be sufficient to cover a total loss of its T&D infrastructure. This risk is considered moderate but stable. The Company has secured parametric insurance cover to further reduce its risk exposure to a catastrophic event. The combination of the parametric insurance cover and the annual $3.0M contribution to the Self Insurance Fund reduces the risk of failure of the fund to less than 2%, the industry standard being under 5%.

7. The Company faces the risk of high and aging trade receivables due to the adverse impact of inflation. Accounts continue to be monitored closely on an on-going basis to manage this risk. This risk is considered to be moderate but stable. Risk mitigation actions being taken by management have been effective at reducing this risk.

8. The Company utilizes Return on Equity as one of the measures of its performance. As shareholders’ equity increases and profit levels remain fairly constant, the Company is faced with the risk of continued diminishing Return on Equity. Through its Strategic Business Plan, the Company plans to develop and implement initiatives that optimize cost of operations and create new business opportunities, as a means of mitigating this risk. This risk is considered to be stable.

9. System Losses, specifically due to electricity theft, continue to be a concern for the Company, given the implications for unrecognized revenues and ultimately reduced shareholder returns. This risk is low and does not show any sign of increasing.

10. The fallout from industrial action can affect the Company's reputation and by extension that of the country, with regards to foreign direct investment. Employee engagement and staff relations continue to be a priority in the Company’s annual work plan. Until all union negotiations and outstanding issues are satisfactorily concluded, the risk of industrial action continues to be high.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

The Company was not a party to any new proceedings in the Quarter under review.

5. Changes in Securities and Use of Proceeds

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

N/A

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

Offer opening date (provide explanation if different from date disclosed in the registration statement)

Offer closing date (provide explanation if different from date disclosed in the registration statement)

Name and address of underwriter(s)

Amount of expenses incurred in connection with the offer

Net proceeds of the issue and a schedule of its use

Payments to associated persons and the purpose for such payments

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

Reserves have been set up for the Company's self-insurance, distribution of which is not permitted.

6. Defaults upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund installment, state the amount of the default and the total arrears on the date of filing this report.

N/A

(b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

7. Submission of Matters to a Vote of Security Holders

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

(e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

8. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

N/A