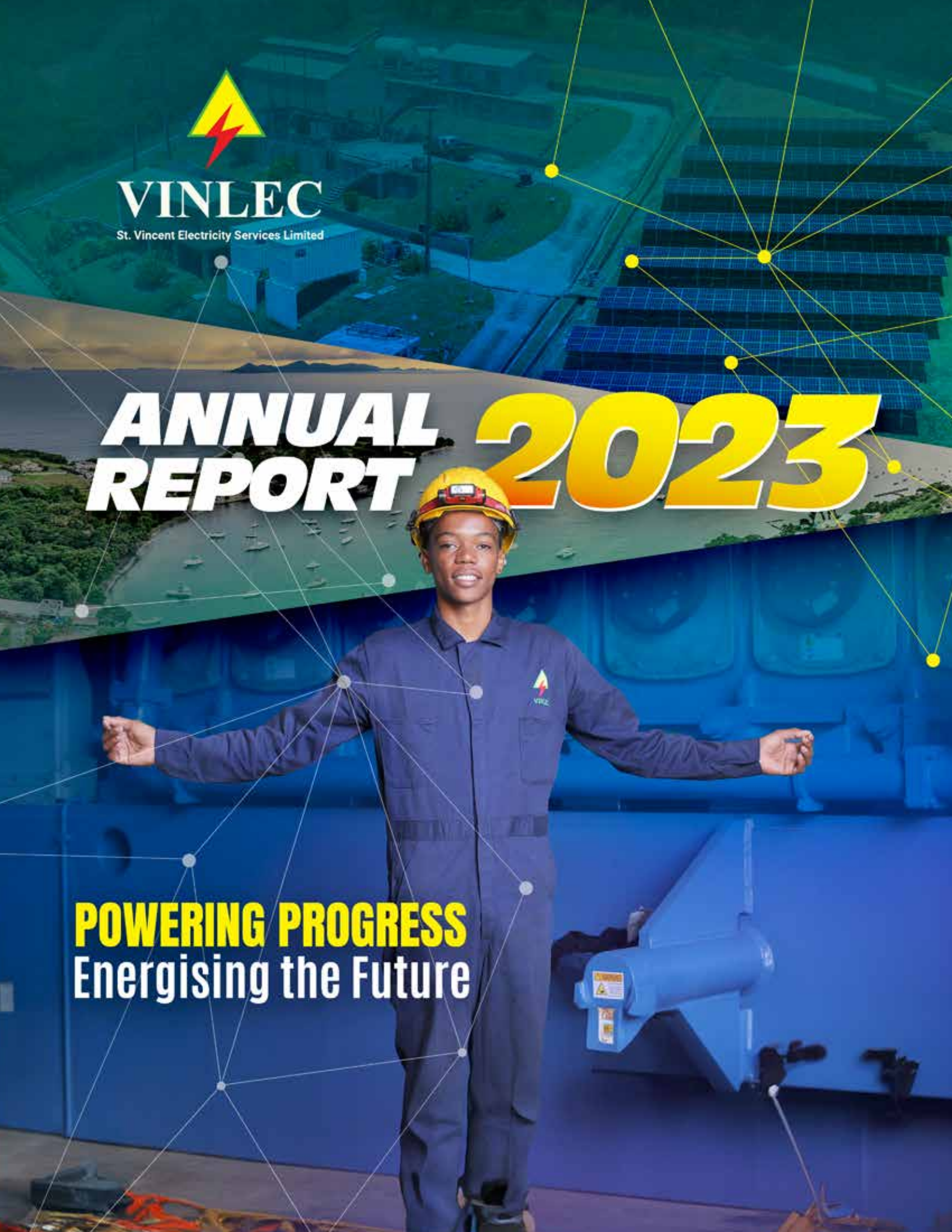
VINLEC

St. Vincent Electricity Services Limited

ANNUAL REPORT 2023



POWERING PROGRESS

Energising the Future

THEME STATEMENT

“Powering Progress, Energising the Future”

In 2023, VINLEC made steady and meaningful strides—recovering from recent national disruptions and laying the foundation for a more resilient energy future. “Powering Progress, Energising the Future” reflects a year shaped by cautious optimism, operational strengthening, and forward investment. With improvements in net earnings, increased demand for electricity, expansion in renewable energy generation, and continued digital upgrades like e-billing and customer kiosks, the company deepened its capacity to serve a growing and diversifying customer base. Investments in battery storage, infrastructure upgrades, and the early stages of the Bequia expansion signal a careful but determined shift toward modern, sustainable energy delivery. This theme captures VINLEC’s ongoing transformation—anchored in reliability, guided by responsibility, and commitment to the long-term progress of St. Vincent and the Grenadines.

VINLEC
St. Vincent Electricity Services Limited

The VINLEC Mission

To deliver an electricity supply service of the best quality and value to all customers; to satisfy the interest of shareholders and employees; to support sustainable development and contribute towards a high quality of life for our people.

The VINLEC Vision

To be the best service provider in the State and among the leading utilities in the world.

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St. Vincent Electricity Services Limited

ANNUAL REPORT 2023

VINLEC

St. Vincent Electricity Services Limited

CORPORATE INFORMATION

Registered Office

Paul's Avenue, Kingstown
St. Vincent and the Grenadines
Telephone: 784-456-1701
Email: vinlec@vinlec.com
Website: www.vinlec.com

Directors

Chairman- Ms. René M. Baptiste, C.M.G., LLB (Hons.), L.E.C., AClarb
Mr. Lance L. Peters, BSc, B. Eng., MSc (effective October 1, 2023)
Mr. Phillip A. Jacobs, BSc (effective October 1, 2023)
Mr. Brian A.C. George, B. Eng. (Hons.), MSc, PMP, MRICS
Mr. Maurice L. Edwards OBE, BSc, CGA, Acc. Dir.
Mrs. Yvette M. Pompey, BSc, MSc
Mr. E. Tyrone Burke, BA, MA
Mr. Osborne D. Browne
Mr. Vernon E. McDowall
Mr. Patrick C. Da Silva (until September 3, 2023)

Company Secretary

Ms. Rhodsha A. Oliver, LLB (Hons.), L.E.C., LLM

Chief Executive Officer

Dr. Vaughn A. Lewis – PhD

Solicitors

Saunders & Huggins

Auditor

BDO Eastern Caribbean Chartered Accountants

Bankers

Republic Bank Limited (Formerly: The Bank of Nova Scotia)

Bank of St. Vincent and the Grenadines Limited

1st National Bank of St. Lucia Limited (St. Vincent Branch)
(Formerly: RBTT Bank (Caribbean) Ltd.)

PERFORMANCE AT A GLANCE

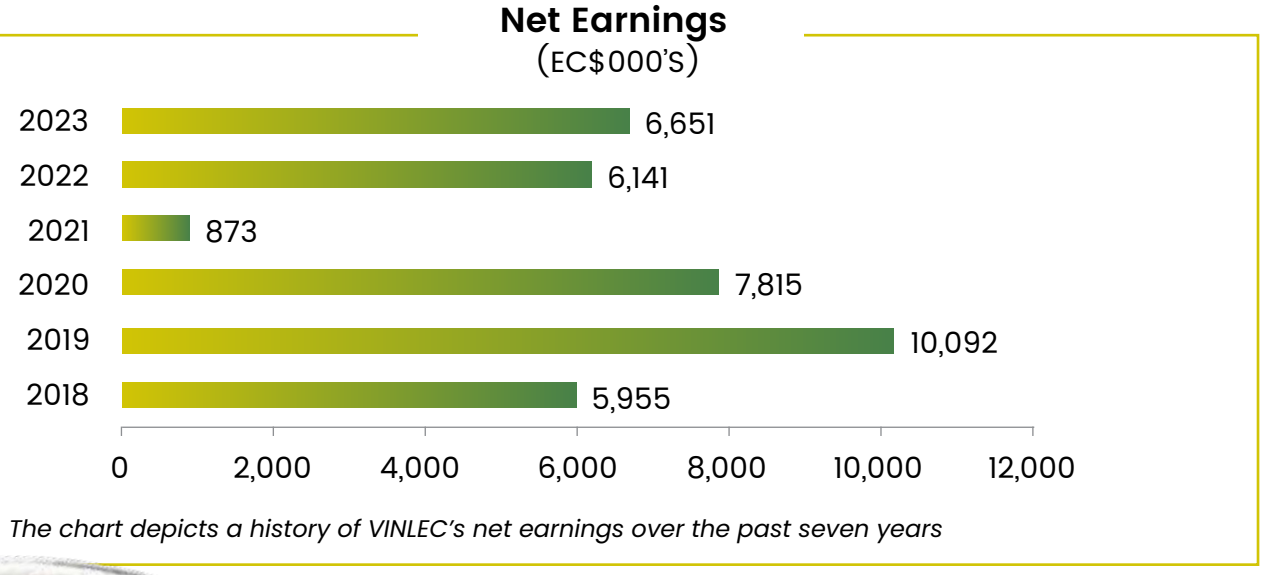
Financial Results in Brief

(Expressed in thousands of XCD)

	Year Ended December 31, 2023	Year Ended December 31, 2022	Change %
Operating Revenue	164,425	156,277	5%
Basic Electricity Revenue	76,436	72,329	6%
Fuel Surcharge Revenue	87,056	82,931	5%
Total Operating Expenses	153,570	148,021	4%
Finance Charges	1,003	1,231	(19%)
Renewable Energy Purchases	1,742	1,388	26%
Current Taxation	3,093	2,367	31%
Net Earnings for the Year	6,651	6,141	8%
Total Assets	250,160	234,883	7%
Total Shareholders' Equity	169,077	162,426	4%
Cash and Cash Equivalents	23,632	13,430	76%
Earnings per Ordinary Share	1.14	1.06	8%

FINANCIAL PERFORMANCE

Net earnings for the year ended December 31, 2023 were $6.6 million, a $0.510 million increase from net earnings of $6.1 million for fiscal year 2022. The increase was primarily due to higher operating income and lower operating expenses. Kilowatt-hours sales increased by 5.4%, which resulted in an increase in Basic Energy revenue of 5.4% over the 2022 fiscal year. The company was able to earn a Return on Equity of 7.67%, a Return on Assets of 2.91% and Earnings per share of $1.14.



The chart depicts a history of VINLEC's net earnings over the past seven years

WHERE THE DOLLAR WENT

	2023	2022	2021	2020	2019
Fuel and Lube Oil Diesel generators utilized 7.749M gallons of fuel and 16.4K of lube oil.	$0.57	$0.55	$0.39	$0.35	$0.47
Maintenance & Generation cost Maintenance includes 9 power plants and administrative facilities.	$0.16	$0.16	$0.18	$0.20	$0.21
Renewable Energy VINLEC purchased 3.9million kWh of energy during the year.	$0.01	$0.01	$0.01	$0.01	$0.01
Transmission & Distribution Network maintenance was $13.8 million	$0.09	$0.08	$0.09	$0.10	$0.10
Planning Infrastructure maintenance and engineering planning was $1.5 million.	$0.01	$0.01	$0.01	$0.01	$0.01
Administrative Expenses General administrative expenses were $19.9 million.	$0.12	$0.12	$0.16	$0.14	$0.14
Debt Service Loan repayments and interest costs were $3.8 million.	$0.01	$0.01	$0.01	$0.01	$0.01
Capital Expenditure Asset replacement to our infrastructure amounted to $6.2 million.	$0.04	$0.06	$0.15	$0.18	$0.18
*The notes in this column are only applicable to 2023	**$1.00**	**$1.00**	**$1.00**	**$1.00**	**$1.00**

CORPORATE PERFORMANCE

INDICES	MEASURE OF SUCCESS	TARGET	PERFORMANCE
Customer Value	Fuel Efficiency	17.85	17.85
Operational Efficiency	System Reliability	3.00	2.15
	Power Losses (MAL)	6.85	7.52
	Own Use	3.00	2.78
Risk Management	Safety (YTD)	0.97	1.96
	Work Hours Lost	0.64	1.40
Financial Performance	Net Earnings ($m)	5.00	6.65
	Operating Cost	0.26	0.27
	Days Sales Outstanding	45.00	44.97

VINLEC
St. Vincent Electricity Services Limited

Our Corporate Governance Framework

At VINLEC, corporate governance represents the combination of processes and structures implemented by the Board to guide, manage, and monitor the organization toward achieving its objectives. Robust rules, practices, and processes are fundamental to avoid organizational failure or drastic actions during crises. Good corporate governance ensures long-term success, enhances overall performance, improves operational efficiency, strengthens access to capital, mitigates risks, and safeguards against mismanagement.

VINLEC is firmly committed to high governance standards that align with regulatory expectations, evolving best practices, and our vision of being the best service provider in the state and among the leading utilities worldwide.

Governance Structure

VINLEC has a multi-tiered governance framework with clearly defined roles and responsibilities. This framework steers the company's leadership toward achieving strategic objectives. At its core, the Board of Directors, elected by shareholders, provides oversight and strategic guidance, while day-to-day operations are entrusted to a capable and experienced management team.

THE BOARD O

The Board serves as the apex body, comprising nine (9) non-executive professionals who bring diverse skills, knowledge, and experience.

F DIRECTORS

This diversity reflects the makeup of our customers, employees, shareholders, and the communities we serve.

The Board of Directors

Directors are elected annually at the Annual General Meeting, in accordance with the Company's Articles of Incorporation. The Board meets monthly to review operations, deliberate on critical financial issues, and address strategic priorities.

René M. Baptiste (Chairman)

Miss Baptiste is a seasoned Legal Practitioner and Corporate Advisor, bringing extensive experience to the Board of VINLEC. She previously served as President, Vice President, and Secretary of the largest Credit Union in St. Vincent and the Grenadines (GECCU), where her leadership spanned over 15 years, driving ground-breaking projects. Miss Baptiste also served as an elected Member of Parliament for two consecutive terms, where she led innovative policy-making initiatives. Her leadership blends private and public sector expertise, which has been instrumental in VINLEC's success in serving about 50,000 customers and contributing to the nation's economic and social development.

Maurice L. Edwards (Deputy Chairman)

With expertise in Accounting and Finance, Mr. Maurice L. Edwards is currently retired but serves on various boards, including VINLEC, Bank of SVG, Ottley Hall Marina and Shipyard, and Agriculture Input Warehouse Ltd. He served as Director General of Finance and Planning from January 1990 until July 2017. Additionally, he has been a board member of the Caribbean Development Bank and the Eastern Caribbean Central Bank. He holds a BSc in Accounting from UWI (1983) and is a Chartered Financial Analyst (CFA).

Lance L. Peters

Mr. Lance L. Peters is a multi-disciplinary engineer with expertise in Geo-Science Engineering, Geothermal Geology, and Renewable Energy Systems. He has served as a Director of VINLEC since 2016 and is passionate about sustainable design for cities and communities. He holds degrees in Geology and Geo-Science Engineering from the University Institute Technology of Maracaibo, Venezuela, and in Geothermal Geology from the United Nations University, Iceland. Currently, Mr. Peters is the Director of the Energy Unit at the Ministry of Urban Development, Energy, Seaport, Grenadines Affairs, and Local Government. He also chairs the National Energy Committee and serves on the boards of the Caribbean Centre for Renewable Energy & Energy Efficiency and the OECS Geothermal-Build Project.

Yvette M. Pompey

Mrs. Yvette M. Pompey is a seasoned civil servant with over 25 years of experience in government operations and management. She currently serves as the Permanent Secretary in the Ministry of Urban Development, Energy, Seaports, Grenadines Affairs, and Local Government, with 10 years at this senior level. Mrs. Pompey is passionate about public policy implementation that positively impacts the people of St. Vincent and the Grenadines. She holds a BSc (Hons) in Accounting from the University of the West Indies and an MSc in Public Policy and Management from the University of London. She is known for motivating her colleagues to strive for excellence and fostering transformative service delivery.

The Board of Directors

Directors are also bound by VINLEC's Standard of Business Conduct, which provides ethical guidance on key business matters.

Vernon E. McDowall

Mr. Vernon E. McDowall is an experienced Office Manager and Senior Research Clerk at Hughes & Company Law Firm in Kingstown, where he has worked for the past 40 years. He has served as a Director on the Board of VINLEC since 2023. As one of the younger members, he values learning from the seasoned directors and is committed to representing the institution to the best of his ability. Mr. McDowall is a graduate of Layou Government School and Barrouallie Secondary School.

E. Tyrone Burke

Mr. E. Tyrone Burke is a retired public servant, currently serving as a Director on the Board of VINLEC and a hearing officer at the Department of Labour. He has over 30 years of experience in education and public service, including roles as Principal, Senior Education Officer, and Chief Personnel Officer. He also led the St. Vincent and the Grenadines Teachers' Union for more than 13 years, advocating for key policies such as the first Collective Agreement and maternity leave for female teachers. Mr. Burke holds a Master's in Education Planning, a Bachelor's in Education Administration, and a Diploma in Public-Private Partnership. His mantra is "perform better every day than I did the day before".

Phillip A. Jacobs

With 40 years of experience in education, Mr. Phillip A. Jacobs has a strong track record of using data-driven decisions to improve instruction and outcomes in community organizations. He holds a B.Sc. in Sociology and is teacher trained. Career highlights include leading Mayreau Government School at a young age, teaching at St. Vincent Grammar School for nearly 12 years, and retiring as Deputy Principal of Intermediate High School.

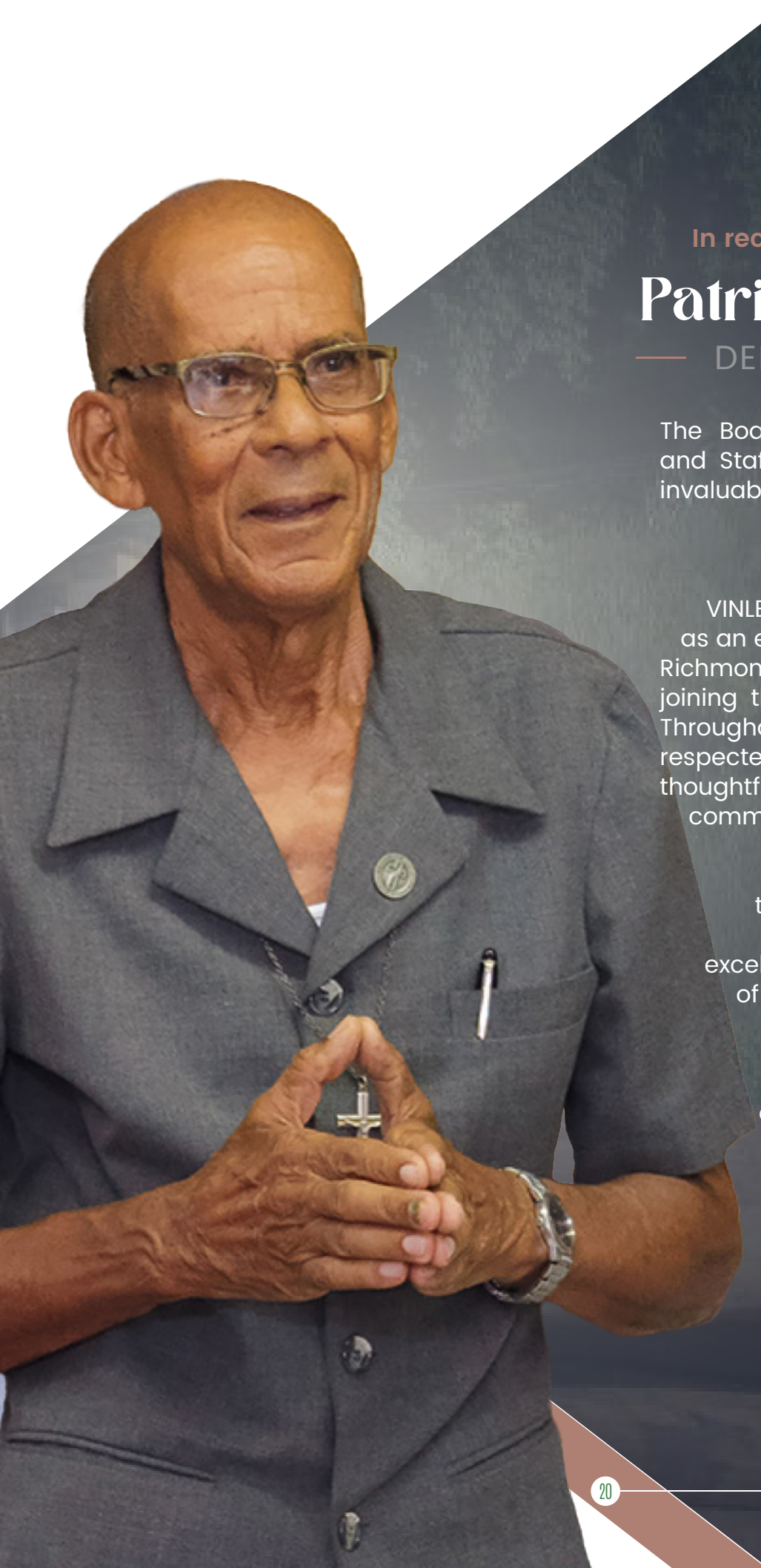
Osborne D. Browne

Mr. Osborne D. Browne was appointed to the Board of VINLEC on July 30, 2020. He is a retired CEO of the National Sports Council in St. Vincent and the Grenadines, where he served from 2001-2012, focusing on trade union and human relations. Before that, he worked in the insurance sector and taught at several secondary schools. Director Browne has also served as a Commissioner on the SVG Constitution Review Committee and led the HR committee of a local statutory body. With his extensive background in service and governance, he contributes valuable knowledge in enhancing customer-centric policies and ensuring world-class service.

The Board of Directors

Brian A. C. George

Mr. Brian A.C. George has served on the Board of VINLEC for over 15 years. He is a trained engineer and project manager with a career spanning more than three decades in both the public and private sectors. He holds a Bachelor's degree in Civil Engineering from the University of Wales and a Master's in Environmental Engineering from the University of Newcastle upon Tyne. In addition to being a Certified Project Management professional, Mr. George is a Chartered Valuation Surveyor. His previous roles include senior positions at CWSA and VINLEC, followed by his appointment as Chief Executive Officer of the Roads, Buildings and General Services Authority (BRAGSA). For the past ten years, Mr. George has been serving as a general manager in the private sector, overseeing one of the larger commercial businesses in the country. He has a wealth of knowledge in utility management and operations, and project management.



In recognition of the Departed

Patrick C. Da Silva's

DEDICATED SERVICE

The Board of Directors, Management, and Staff of VINLEC pay tribute to the invaluable service and dedication of the late Patrick C. Da Silva.

Mr. Da Silva's journey with VINLEC spanned decades, beginning as an electrician and Supervisor at the Richmond Vale Power Station, before joining the Board of Directors in 2004. Throughout his tenure, he was deeply respected for his technical expertise, thoughtful insights, and unwavering commitment to the mission of VINLEC.

His contributions enriched the governance of the company and supported our drive toward excellence and service to the people of St. Vincent and the Grenadines.

Mr. Da Silva's legacy of professionalism and dedication continues to resonate within the organisation and will be remembered with great respect.

To strengthen governance and ensure focused oversight on specialized matters, VINLEC has established sub-committees. These committees are tasked with monitoring performance, providing strategic recommendations, and addressing evolving risks.

COMMITTEES OF THE BOARD

1. Audit and Finance Committee

This committee plays a pivotal role in ensuring financial integrity and regulatory compliance. Its responsibilities include overseeing financial reporting, monitoring risks, and ensuring timely corrective action on identified control weaknesses. The committee, composed of both executive and non-executive members with expertise in accounting, auditing, and financial reporting, meets quarterly. External auditors also participate as required. Key achievements in 2023 include:

- Implementation of the Audit Committee and Internal Audit Department Charter
- Review and updates to the Purchasing and Procurement Policy
- Expansion of the Internal Audit Department to enhance oversight

2. Human Resources Committee

This committee focuses on strategic human capital initiatives. It ensures that VINLEC creates an attractive environment for employees and contractors while maintaining a non-intrusive role in recruitment. The committee comprises HR and labour professionals who work to position VINLEC as an employer of choice.

OTHER

Senior Safety Advisory Committee

In addition to traditional committees, VINLEC has a Senior Safety Advisory Committee dedicated to health, safety, and environmental compliance. The committee monitors workplace safety, reviews policies, and makes strategic recommendations to mitigate risks. It ensures that VINLEC operates responsibly and meets all legal and environmental standards.

STRENGTHENING GOVERNANCE

In 2022, VINLEC enhanced its governance framework by merging the roles of Legal Counsel and Corporate Secretary into a single position. This strategic decision streamlined governance by integrating legal and regulatory considerations into the decision-making process. It also improved communication and coordination between legal and corporate governance activities, ensuring a unified approach to compliance and risk management.

CONTINUOUS IMPROVEMENT

VINLEC recognizes that effective corporate governance is an ongoing journey. While there is no universal formula for success, we are committed to refining our governance practices. By staying informed about international trends and best practices, and leveraging insights from evaluations, we will continue to enhance operational efficiency and resilience.

Our dedication to sound governance principles reinforces our mission to deliver reliable, sustainable, and innovative energy solutions for the people of St. Vincent and the Grenadines.

THE

CHAIRMAN'S REPORT

VINLEC
St. Vincent Electricity Services Limited

CHAIRMAN'S REPORT

> Independence through harnessing of our natural resources is the sustainable course to follow.

René M. Baptiste
Chairman of the Board

The role of VINLEC's Board of Directors has always been to provide strategic guidance and oversight, ensuring that goals align with the evolving needs of our customers and the communities we serve. Our collective responsibility is to ensure that VINLEC continues to adapt, grow, and succeed in an ever-changing energy landscape, and we pledge our commitment to remaining steadfast in upholding the highest standards of governance and long-term value creation for all of our stakeholders.

As we reflect on our success in 2023, I am proud to share the remarkable progress we have made as a company. Despite the unprecedented challenges that we have faced in recent years to include the COVID-19 pandemic and the eruption of La Soufrière volcano, our journey has been one of growth, innovation, and steadfast dedication to delivering reliable, sustainable, and efficient services to our customers. The company's achievements are testament of the collaborative and extraordinary efforts of our management team and employees.

You will note in this edition that VINLEC has launched several key initiatives that have made a tangible impact on both our operations and customer experience. The introduction of e-billing has streamlined our billing processes, offering customers a more convenient eco-friendly way to manage their accounts. We have also expanded payment options with the implementation of kiosk payment systems, further improving accessibility and ease of use for our customers. Our commitment to sustainability is evident in our purchase of approximately 4 million kWh of renewable energy in 2023, contributing to a greener, more resilient energy grid. In addition, we have undertaken substantial maintenance and line extension on our network ensuring reliability and minimizing service disruptions.

These combined actions are not just about meeting today's needs but also about preparing for the future- ensuring that our infrastructure can meet the demand of tomorrow's world.

We have consistently prioritized occupational health and safety, ensuring that our employees continue to work in safe, secure environments. Additionally, our continued engagement with the community through various social programs, including disaster relief assistance, has made a meaningful difference in the lives of many. All of these initiatives reflect our vision of continuous improvement, innovations, and responsibility to both our customers and society at large.

Looking ahead, we are excited about the opportunities that the future holds. In 2024 the company will implement paternity leave, a move that reflects our dedication to supporting our employees' work life balance. Additionally, we are actively moving toward automatic meter reading technology to provide more accurate billing and streamline our service delivery. 2024 will also see significant strides in the expansion of current power generation facilities to meet the growing demands our communities.

While we increase our capacity however, we are equally focused on exploring new ways to integrate more green energy resources into our generation portfolio. We recognize that sustainability is central to our operations, and we must ensure that we balance growth with environmental stewardship for the benefit of future generations. Our next largest capital project will be the construction of a new power station which will not only expand our energy production capacity in our sister island of Bequia, but play a key role in advancing our sustainability goals. Though the project is in its embryotic stages, the aim is to integrate battery storage technology into this facility which will contribute significantly to a reduction in our overall carbon footprint. VINLEC is pleased to lead the way in building more sustainable energy infrastructure!

On behalf of the Board of Directors, I extend my deepest gratitude to all of our employees, customers, and stakeholders for their unwavering support and commitment to our vision.

We are optimistic about the future, knowing that we have the right people, the right plans, and the right vision to navigate the road ahead. As we continue to power progress and energise the future, we are more determined than ever to deliver reliable, sustainable, and affordable energy to our customers while maintaining our strong commitment to the communities we serve.

René M. Baptiste
Chairman of the Board

THE SENIOR MANA

GEMENT TEAM

SENIOR MANA

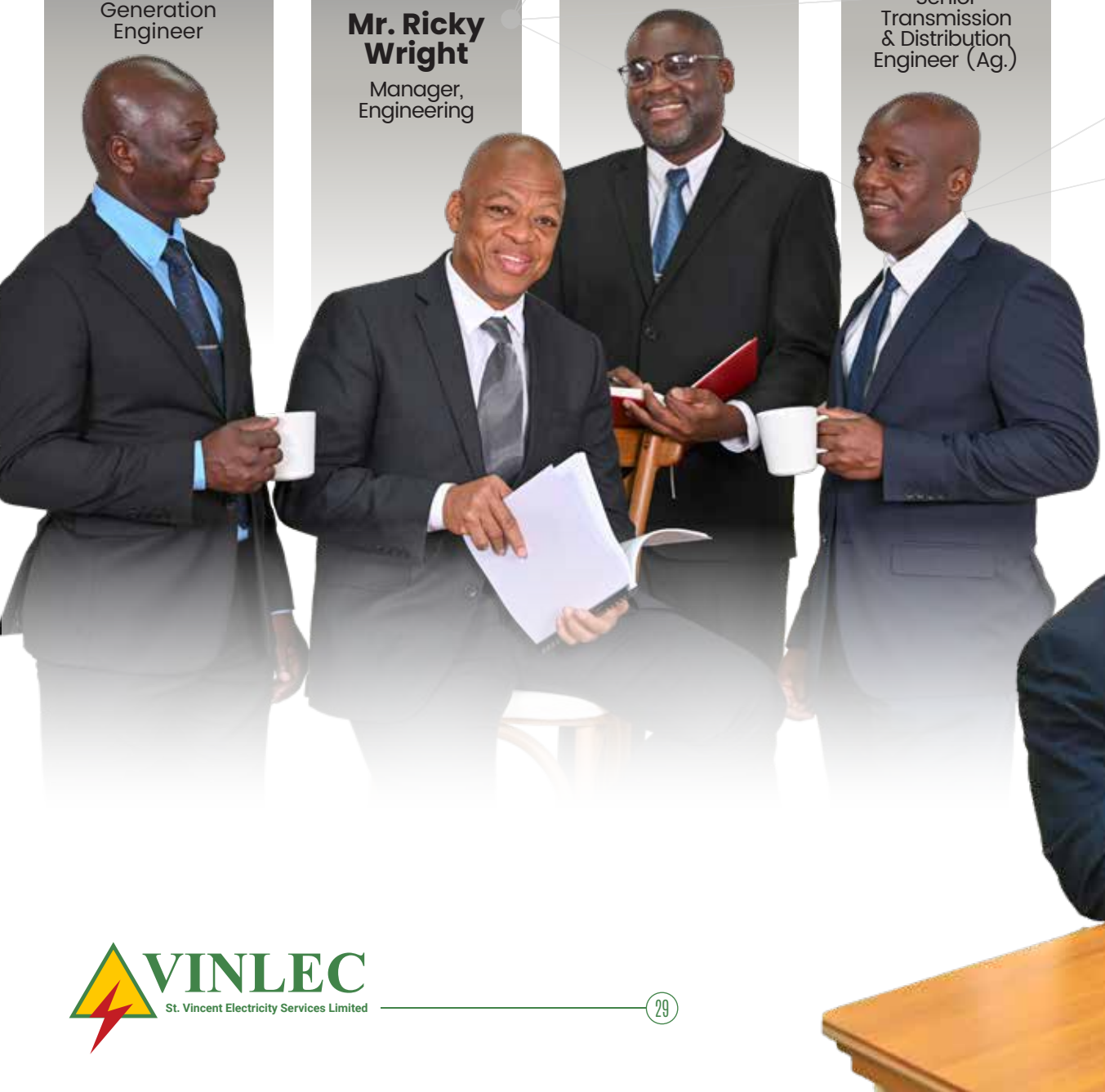
Mr. Rohan Robertson
Senior Generation Engineer

Mr. Ricky Wright
Manager, Engineering

Mr. Morrison Creese
Senior Planning Engineer

Mr. Earlan Myers
Senior Transmission & Distribution Engineer (Ag.)

Mr. Ricardo Roberts
Manager, Finance



GEMENT TEAM

Dr. Vaughn Lewis
Chief Executive Officer

Ms. Rhodsha Oliver
Legal Counsel/ Corporate Secretary

Ms.Jillian Williams
Manager, Human Resources & Administration

Mr. Stanley Harris
Manager, Customer Services

Mrs. Lisa Morris-Nanton
Manager, Information Systems

Mr. Gary Matthias
Manager, Internal Audit

Senior Management Retirees

The Board of Directors, Management and Staff are grateful to our retired senior management personnel for their time, talent and passion shared with VINLEC over the years. They have each contributed to the strategic movement of the Company.

Mr. Elrias Williams	▼ Former Senior T&D Engineer whose last position was Manager, Special Projects (2023)
Mr. Willis Williams	▼ Former Manager, Information Systems (2023)
Mr. Thornley Myers	▼ Former Chief Executive Officer (2022)
Mrs. Juliette Hinds-Wilson	▼ Former Manager, Finance (2022)
Mr. Augustus Ambrose	▼ Former Senior Generation Engineer (2021)
Ms. Joan Millington	▼ Former Manager, Internal Audit (2020)

Mr. Elrias Williams
Senior T&D Engineer

Mr. Willis Williams
Manager, Information Systems

Mr. Thornley Myers
Chief Executive Officer

Mrs. Juliette Hinds-Wilson
Manager, Finance

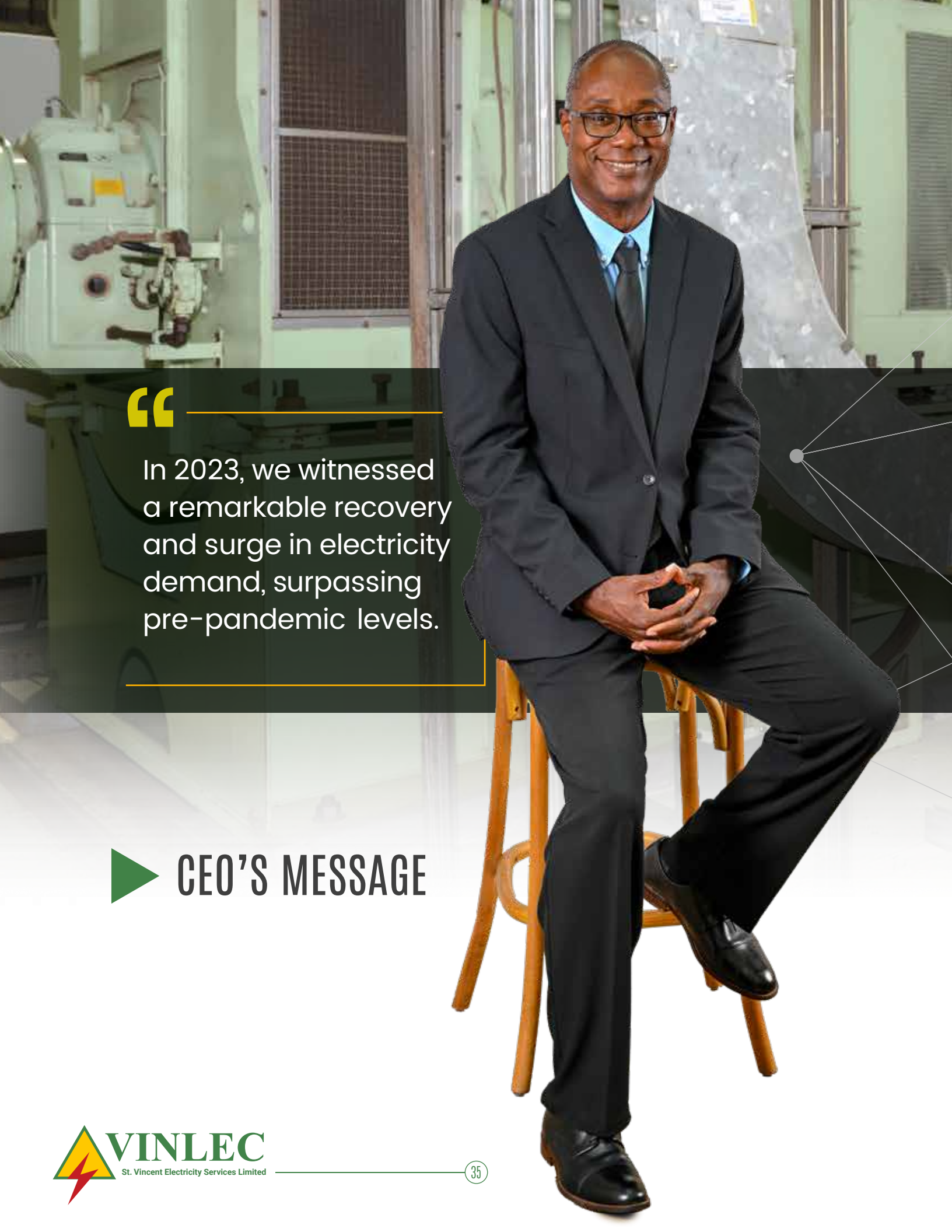
Mr. Augustus Ambrose
Senior Generation Engineer

Ms. Joan Millington
Manager, Internal Audit

THE CEO'S MESSAGE

"Operational excellence remains at the heart of VINLEC's approach."

Dr. Vaughn Lewis
Chief Executive Officer
VINLEC



> In 2023, we witnessed a remarkable recovery and surge in electricity demand, surpassing pre-pandemic levels.

CEO'S MESSAGE

To our valued stakeholders, it is with renewed purpose and a deep sense of responsibility that we present to you this Annual Report; a comprehensive look not only at the past year, but also highlights of our progress over the last five years (2019-2023).

Our last publication was in 2018. While our teams have remained steadfast in delivering an essential service and innovating behind the scenes; and while we have fulfilled our reporting obligations under the Companies Act, we recognise the importance of regular and transparent communication with you. This publication is a step towards re-establishing that trust. We want to ensure that you are fully informed of our journey, challenges and milestones.

Over the past five years, St. Vincent Electricity Services Limited (VINLEC) has weathered an extraordinary sequence of challenges - from the global pandemic and its lingering effects to the disruptive force of the La Soufrière volcanic eruption, and the escalating impacts of climate-related storms. These events, compounded by global inflationary pressures and persistent supply chain disruptions, have tested our resilience at every turn. Yet, through it all, VINLEC has remained steadfast, transforming adversity into opportunity and laying the critical groundwork for a more secure and sustainable energy future for St. Vincent and the Grenadines.

In 2023, we witnessed a remarkable recovery and surge in electricity demand, surpassing pre-pandemic levels. Notably, mainland St. Vincent recorded an unprecedented peak demand, fuelled by stronger air access to the country, the expansion of the tourism sector through new hotel developments, and sustained periods of higher ambient temperatures. This robust rebound not only reflects renewed economic vitality but also signals the urgency of reinforcing our energy infrastructure to meet the growing needs of our nation. VINLEC is actively advancing an ambitious capital investment programme aimed at enhancing generation capacity and modernizing our transmission and distribution networks across our service areas. On the island of Bequia, we have embarked on the development of a new power station and a dedicated distribution feeder to improve reliability and meet future demand. On the mainland, our portfolio includes the integration of both conventional and renewable energy projects, alongside the expansion of transmission capacity on the leeward corridor to strengthen energy security.

To future-proof our operations, we are also deploying utility-scale battery storage systems on both St. Vincent and Bequia. These strategic investments will improve grid stability, enable greater integration of renewable energy sources, and enhance overall system efficiency - all of which are essential as we navigate the energy transition and pursue our national renewable energy targets.

Operational excellence remains at the heart of VINLEC's approach. In the face of external pressures, we continue to leverage advanced technologies and the ingenuity of our dedicated team to optimise efficiency, contain costs, and uphold the highest service standards. Our people - resilient, skilled, and innovative - are the driving force behind our success, and their unwavering commitment inspires confidence in our path forward. As we reflect on our journey and look to the future, I extend my deepest appreciation to our customers, partners, and stakeholders for their enduring trust and support. VINLEC remains firmly committed to energising the future of St. Vincent and the Grenadines, delivering reliable, sustainable, and affordable energy solutions that power our nation's growth and resilience.

Together, we will continue to move forward - powering progress, and energising the future.

Dr. Vaughn Lewis
Chief Executive Officer | VINLEC

VINLEC
St. Vincent Electricity Services Limited

FINANCIAL & OPERATIONAL REVIEW

ANNUAL REPORT 2023

	Year Ended December 31, 2023	Year Ended December 31, 2022	Change	% Change
Operating Revenue	164,425	156,277	8,148	5%
Basic Electricity Revenue	76,436	72,329	4,107	6%
Fuel Surcharge Revenue	87,056	82,931	4,125	5%
Total Operating Expenses	153,570	148,021	5,549	4%
Renewable Energy Purchases	1,742	1,388	354	26%
Finance Costs	1,003	1,231	-228	(19%)
Taxation	3,093	2,367	726	31%
Total Operating Expenses	153570	148,021	5,549	4%
Net Earnings for the Year	6,651	6,141	510	8%
Total Assets	250,160	234,883	15,277	7%
Total Shareholders' Equity	169,077	162,426	6,651	4%
Cash and Cash Equivalents	23,632	13,430	10,202	76%
Earnings per Ordinary Share	1.14	1.06	0	8%
Total Customers	48,695	48,120	575	1%
Total Full- Time Employees	306	310	(4)	(1%)
Customers per Employee	159	155	4	3%
Millions of KWH:				
Net Generation	157,164,136	149,563,448	7,600,688	5%
Renewable Energy Generation	3,989,742	3,056,216	933,526	31%
Total Energy Available for Sale	161,153,878	152,619,664	8,534,214	6%
Kilowatt- Hour Sales	149,459,271	141,899,911	7,559,360	5%
Sales per Employee	488,429	457,742	30,687	7%
System Availability	77.74%	83.79%	(6.05)	(7%)
Peak Demand	23,040	21,480	1,560	7%

OPERATING RESULTS

Earnings

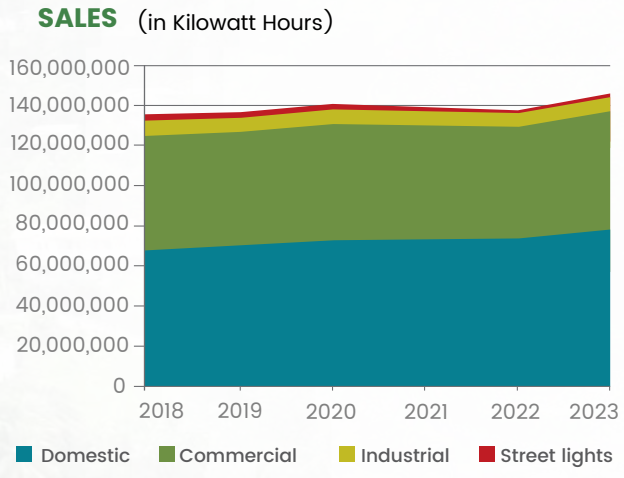
2023 has been a year of recovery for St. Vincent Electricity Services Limited in light of the disruptive impact of both the 2021 volcano eruption and the COVID-19 worldwide pandemic. The volcanic eruption resulted in the specific write-off of over $3 million in debts and a significant loss of revenues in the northern districts of St. Vincent. The COVID-19 pandemic created ongoing logistical challenges in the sourcing of critical materials and supplies. These challenges were further compounded by the Ukrainian war which negatively impacted international fuel prices. Despite these challenges, operating profit for the year ended December 31, 2023 totaled $10.8 million, a $2.6 million increase from operating profit of $8.2 million. This increase was primarily attributable to a 5.37% increase in kWh sales.

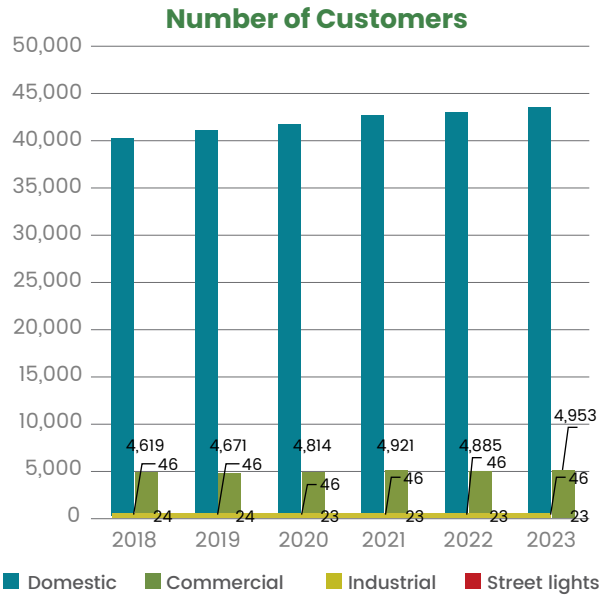
Net earnings for the Fiscal year 2023 were $6.6 million, a $0.5 million increase from the net earnings of $6.1 million in fiscal year 2022.

Revenue

Sales in kWh for the financial year 2023 were 149.4 million, an increase of 7.6 million or 5.37% over the fiscal year 2022. Revenue increases were noticeable in all sectors: Domestic (5.9%), Commercial (5.7%), Industrial (3.0%) and Street lighting (2.0%). Sales increases were driven by the increase in temperatures and a general uptick in the economy due to increased international travel that positively impacted the tourism sector.

Total customers as at December 31, 2023 were 48,695 compared to the 2022 customer base of 48,057, a year on year increase of 1.3%. Customer growth since 2018 was 11%. Customer consumption of electricity (kWh) was the main factor that was responsible for the 5.37% increase in revenue in fiscal year 2023. During the financial year 2023, kWh sales totaled 149,459,271 kWh, an increase of 5.3% over fiscal year 2022. A peak demand of 23,667 kW occurred on September 23, 2023.





Operating and Finance Costs

Total operating expenses for the fiscal year 2023 increased by $5.5 million to $153.5 million from $148.0 million for fiscal year 2022. The increase in power generation during the year was the primary contributing factor to increased operating cost. The most significant individual operating cost was fuel and lube oil. Fuel and lube oil cost amounted to $90.4 million, a 3.6% increase over fiscal year 2022. This increase was driven by the rise in fuel consumption by our diesel engines. In 2023 we consumed 7.7 million gallons of fuel, an increase of 5.7% over fiscal year 2022. The 2023 fuel and lube oil cost represented 59.8% of the total operating expenses.

Generation cost (excluding fuel and Lube oil) was 28.4 million, an increase of 2%. This small increase was as a result of increased operating maintenance cost to engines. Transmission and Distribution costs totaling $13.7 million increased by $0.7 million. T & D maintenance activities were concentrated around line, transformer, and streetlight maintenance plus tree trimming as planned.

Administrative expenditure totaling $19.8 million increased by $1.0 million. This 6% increase was primarily the result of increased insurance premiums ($0.8M), increased corporate relations ($0.4M) and bad debt ($0.5M). These increases were offset by decreases in general administrative expenses.

Power Generation

As at December 31 2023, the company consumed 7.735 million gallons of diesel to generate 138.1 million kWh out of a total of 161.7million kWh, as compared with 7.316 million gallons of diesel to generate 130.7 million kWh out of a total production of 154.3 million kWh in 2022. Our fuel efficiency ratios (i.e. kw/gal) ranged between 18.71 at the Cane Hall power plant (St. Vincent avg. of 18.27) to 13.23 on Mayreau. Hydro generation contributed 14.20 % of the units generated for the year compared with 13.85 % in 2021. In addition, the absolute number of hydro generated units increased to 22.9 million kWh, a 1.90% compared to fiscal year 2022. Solar PV units generated amounted to 0.8 million kWh (2022: 1.1 million kWh), while 4.0 million kWh (2022: 3.0 million kWh) of renewable energy were purchased.

Electricity Production (kWh)

Renewable Energy Impact

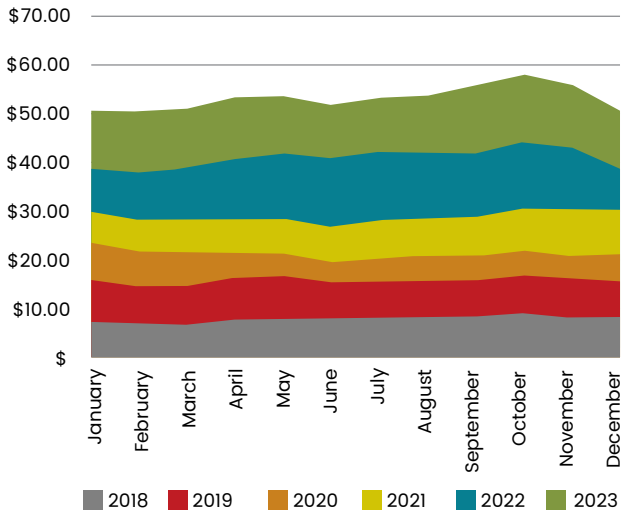
The company continued its policy of exploring large-scale alternative energy solutions with the intention of positively impacting the environment and the economic burden of using fossil fuel. During the financial year 2023 we achieved the following results from hydro and photovoltaic production:

Renewable Energy Source	Units Generated (kWh)	Diesel Use avoided (IG)	Fuel cost saved $000
Solar	762,461	42,722	$500
Hydro	22,964,949	1,286,788	$15,045

Fuel Charges

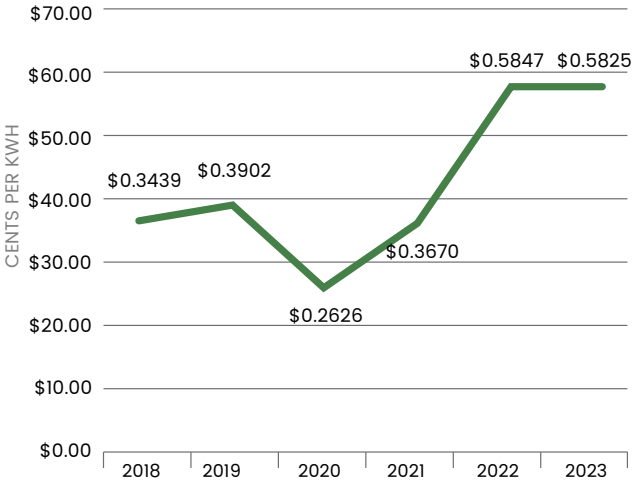
The company's average fuel price per imperial gallon for the year ended December 31, 2023 increased by 1% to $12.05 per gallon in comparison to 2022. There were some significant factors that materially affected the prices at the end of 2022. The Government of St. Vincent and the Grenadines and the Government of Venezuela agreed to a 35% discounted market price in fuel prices per imperial gallon decreased from $12.80 in November of 2022 to $7.94 in December of 2022. Between the financial years 2018 and 2023 the average price for purchasing one gallon of diesel increased from $7.96 per gallon to $12.04 per gallon. Market prices reached the lowest value in June 2020 at a price of $4.15 and attained the highest price of $13.82 in July 2022.

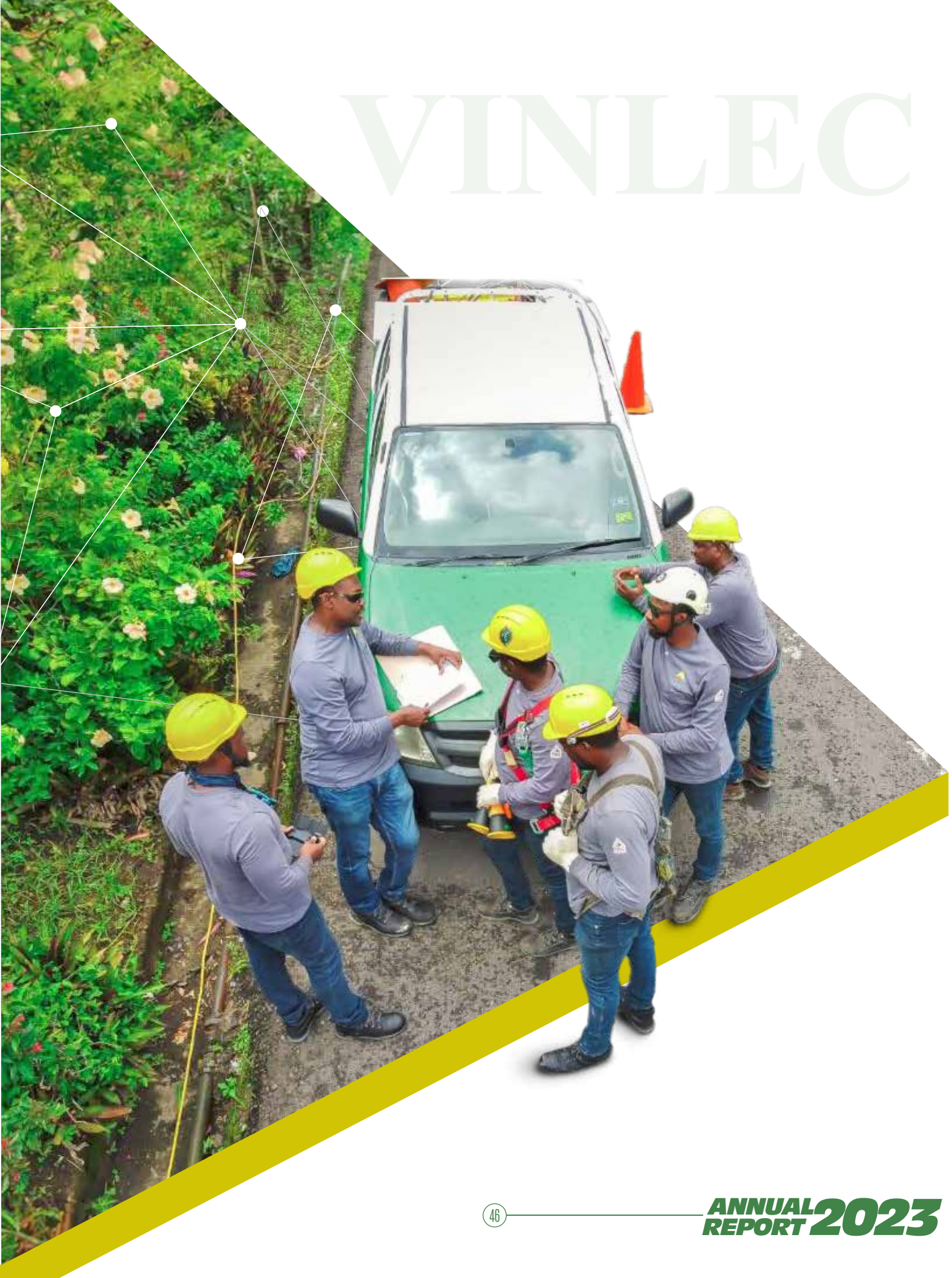
Changes in the Average Fuel Cost



Fluctuations in the market prices of fuel directly impacted the fuel surcharge that the company recharges to its customers. Escalating market prices in 2022 drove the fuel surcharge to a record high of $0.7259. The average fuel surcharge fell to $0.5825 for financial year 2023 in comparison to $0.5847 in 2022.

Average Fuel Surcharge rate





Financial Position

Significant changes between December 31, 2023 and 2022 were as follows:

Balance Sheet Account	2023 $	2022 $	Change $	Notes ($)
Property Plant and Equipment	138.0M	147.8M	(9.8M)	Net effect of 6.2 M capital investment net of depreciation.
Cash at Bank	21.8M	17.2M	4.6M	Net increase in cash generated primarily from operating activities of 21.5 M
Short-term investment	23.6M	13.4M	10.2M	$10 M investment in short term debt plus interest.
Trade Receivables	21.8M	17.2M	4.6M	Increased sales drove receivables outstanding.
Borrowings	10.9M	13.2M	(2.2M)	Decrease due to principal repayments on long term loans and bonds

Working Capital Management

The company was able to improve on its non-government Days Sales Outstanding (DSO) of 45 by 11 days (2022: 55 days). Government DSO improved by 18 days to 98 days (2022: 116 days). In 2023 the company implemented a collection drive that had a positive impact on the DSO.

Total trade receivables increased from $41.3 million in 2022 to $45.7 million in 2023. Trade receivables, less allowances for credit losses were $45.7 million, an increase of $4.4 million when compared to $41.3 million as at December 31, 2022. This increase was related to an increase in current trade receivables resulting from increase in sales in 2023. Trade receivables were significantly offset by a decrease in allowance for credit losses in 2023.

	$	$
Current	22,569	18,213
Past due 31-60 days	6,408	6,231
Past due 61-90 days	3,068	3,739
Past due over 90 days	30,727	33,108
Specific bad debt written off	(6,180)	(3,815)
Less: provision for impairment of trade receivables	(10,834)	(16,168)
Trade receivables, net	45,757	41,308

Cash Flow Summary

The company's main sources of funding are cash generated from operations, issuance of debt instruments and bank credit facilities. These funds are used to pay for operational expenses, capital expenditures and debt servicing.

Net Cash generated by operations totaled $17.2 million; capital expenditure was $6.2 million while loan repayments amounted to $2.7 million and we received $1.1 million from our long-term securities. The company also invested $10.2 million in short term securities. These combined with our opening net cash position of $4.8 million resulted in our net cash position of $21.8 at December 31, 2023.

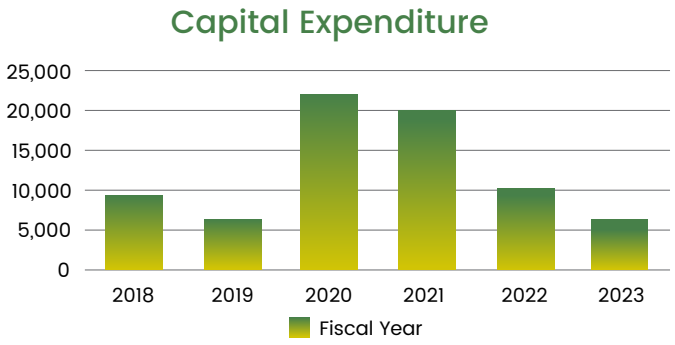
Cash Flows ($000s)	2023	2022	Change	Change
	$	$	$	%
Opening cash	**17,273**	**4857**	**12417**	**256%**
Cash generated from Operating activities	21,528	20,084	1,444	7%
Cash used in Investing	(4,623)	(4,536)	(87)	2%
Cash used in financing activities	-12,290	(3,131)	(9,158)	292%
Closing Cash	**21,888**	**17,273**	**4,615**	**557%**


DANGER
VINLEC

Capital Expenditure

The average capital expenditure between 2018 and 2023 was $12.4 million per annum. In the fiscal year 2023, $6.2 million dollars was spent primarily on the following projects:

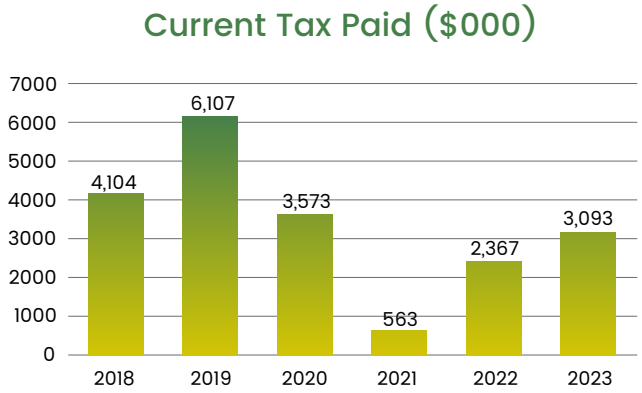
- Transmission and Distribution extensions, upgrades and replacements -$2.9 million
- New customer connections -$0.6 million
- Information systems - $0.7 million
- Generation plant upgrade - $1.2 million

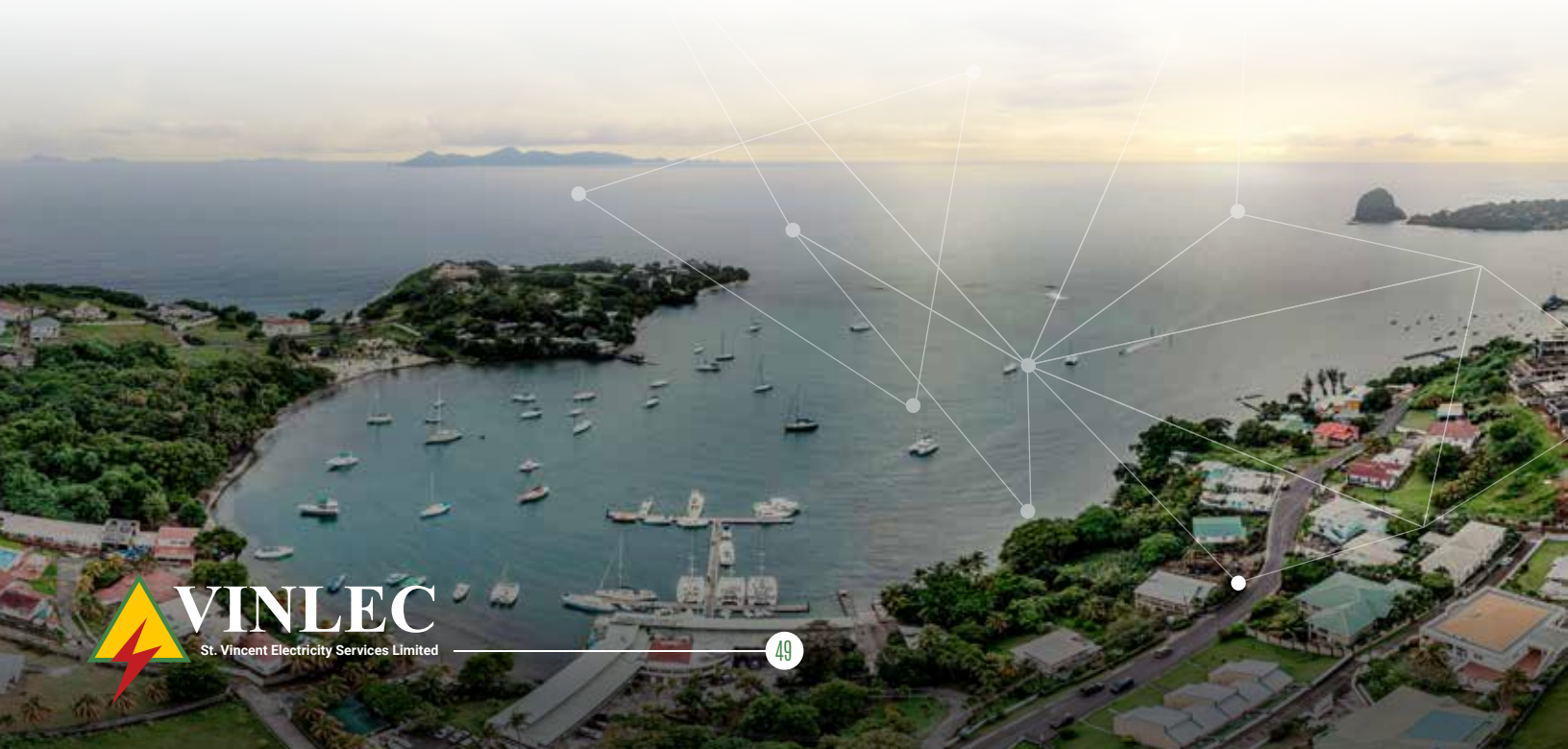


Capital expenditure is expected to grow within the next three years amounting to over $200 million in investments.

Corporation Tax

Current corporation taxes for the financial year 2023 amounted to $3.09M in comparison to $2.3M in 2022. The increase in corporation taxes year on year was as a result of an increase in net earnings before tax combined with the decrease in tax relief afforded by capital allowances. Between 2018 and 2023 the company's corporation tax payments to the state amounted to $19.8M.





OUTLOOK FOR 2024

The Board of Directors and Management are confident that the upward trend in kilowatt hour sales in 2022 and 2023 will continue in 2024. This rise in sales is highly correlated to the expected growth in air travel via the International Airport. Growth in the tourism sector is expected to create a ripple effect within the economy and will require the company to adjust its generation capacity.

To this end, as at December 31st 2023, management's capital expenditure plans for the next three financial years will include capacity building to cater for expected sales growth.

Peak demands in St.Vincent & the Grenadines 2022 - 2023

St. Vincent Electricity Services Limited (VINLEC) operates isolated networks on each of the islands of St. Vincent, Bequia, Canouan, Union Island and Mayreau.

In 2023, electricity demand increased on all islands except Canouan, driven primarily by record-breaking high temperatures and heat-waves affecting the Caribbean region. These extreme weather conditions led to heightened reliance on air conditioning and cooling systems across residential and commercial sectors.

Figures 1-5 illustrate the variations in electricity demand across the islands.

St. Vincent Monthly System Peak in 2022 and 2023

St. Vincent's peak demand rose to 23.0 MW in 2023, marking a 7.8% increase from 21.4 MW in 2022 and a 5.5% growth over the previous all-time peak demand of 21.8 MW recorded in 2020. The demand pattern remained consistent, with peak demand typically occurring between September and October.

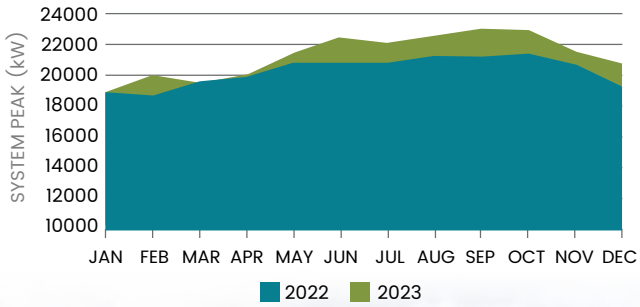


Figure 1: Monthly peak demand in mainland St. Vincent

In 2023, peak electricity demand in Bequia, Mayreau, and Union Island increased by 11%, 10%, and 9%, respectively, compared to 2022. Canouan was the only island to record a reduction, with peak demand decreasing by 2%.

Bequia Monthly System Peak in 2022 and 2023

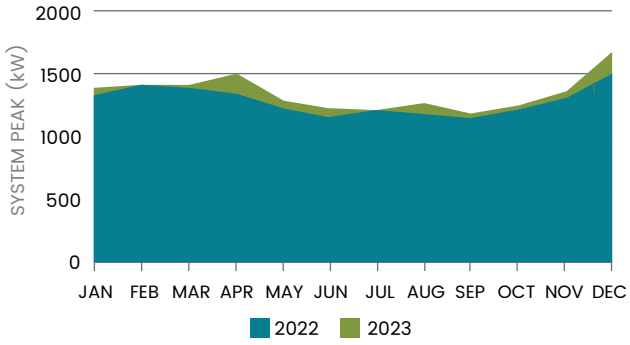


Figure 2: Monthly peak demand in Bequia

Canouan Monthly System Peak in 2022 and 2023

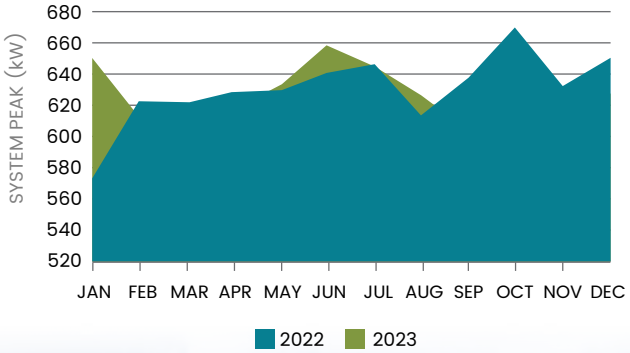
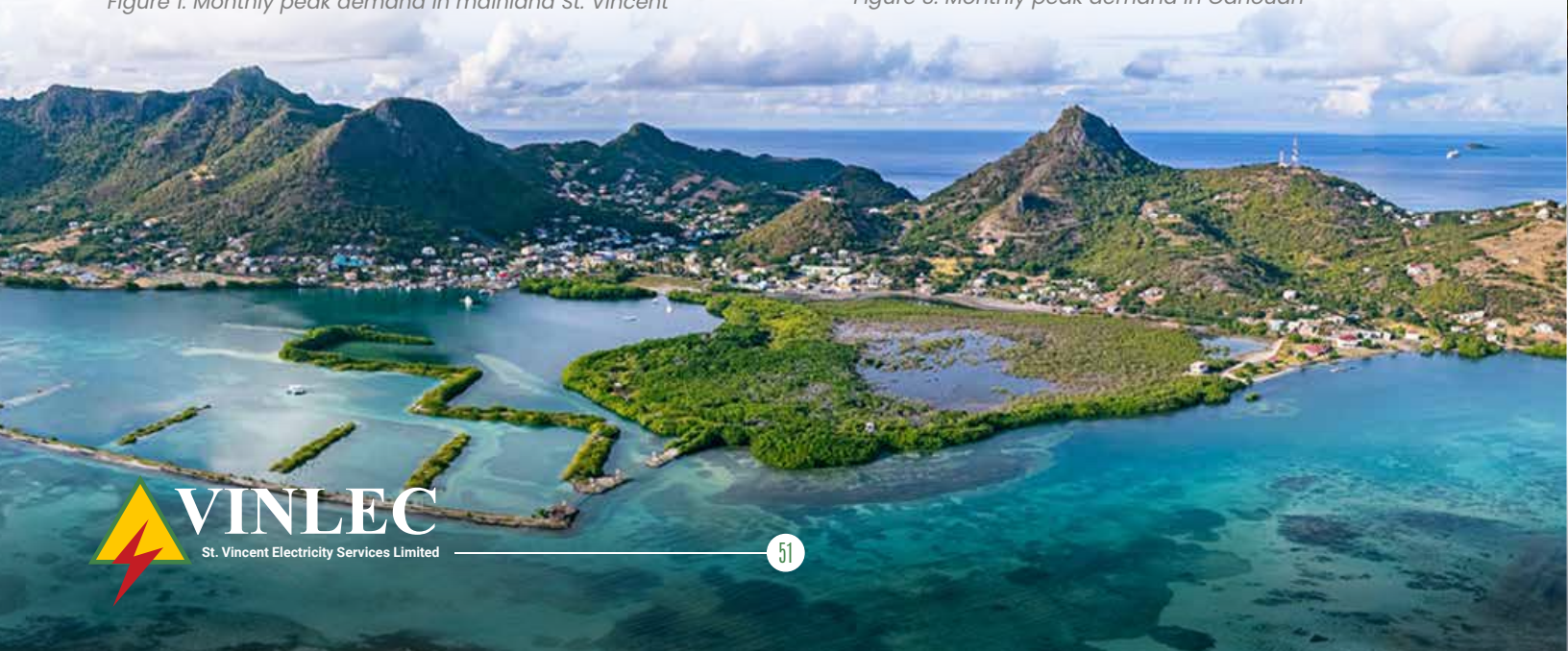


Figure 3: Monthly peak demand in Canouan



Mayreau Monthly System Peak in 2022 and 2023

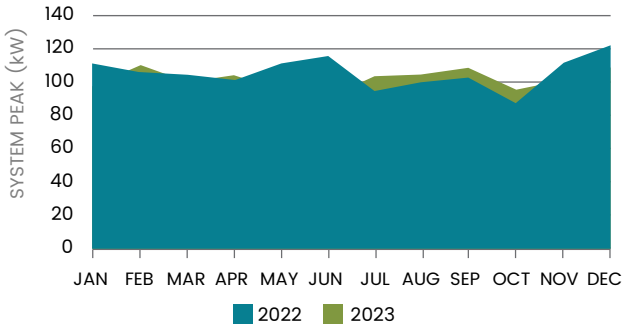


Figure 4: Monthly peak demand in Mayreau

Union Island Monthly System Peak in 2022 and 2023

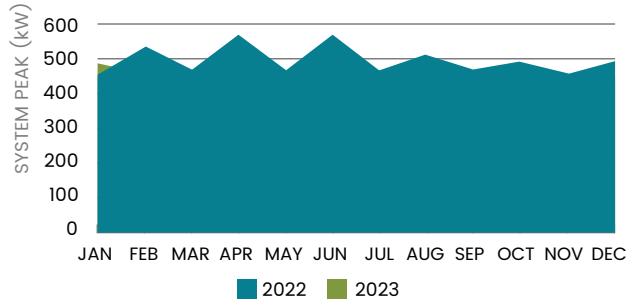
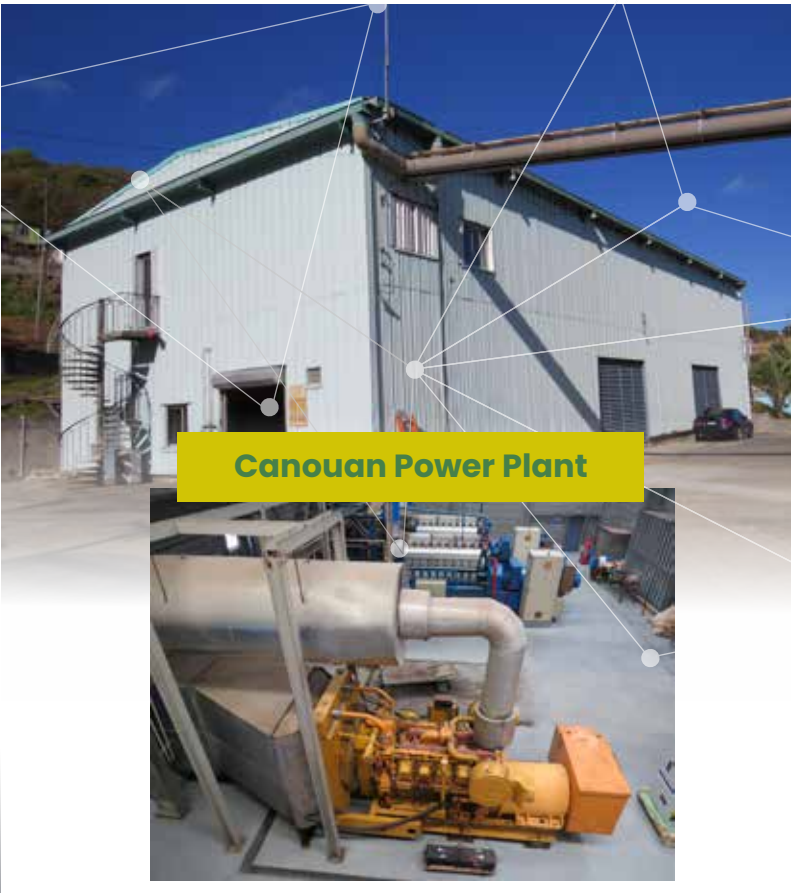


Figure 5: Monthly peak demand in Union Island



The nationwide increase in electricity demand led to a 5.6% rise in total annual electricity generation across all five islands (Figure 6). Individually, increases ranged from 0.04% in Canouan to 10.49% in Mayreau.

Increases in Electricity Generation by Island from 2022 to 2023

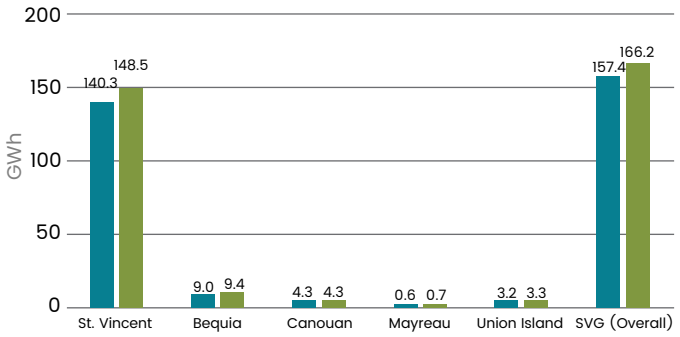


Figure 6: Electricity generation by island

Mainland St. Vincent continued to produce the majority of the country's electricity in 2023, with the Grenadine islands contributing just over 10% of total output (Figure 7) below.

Generation Contribution by Island in 2023

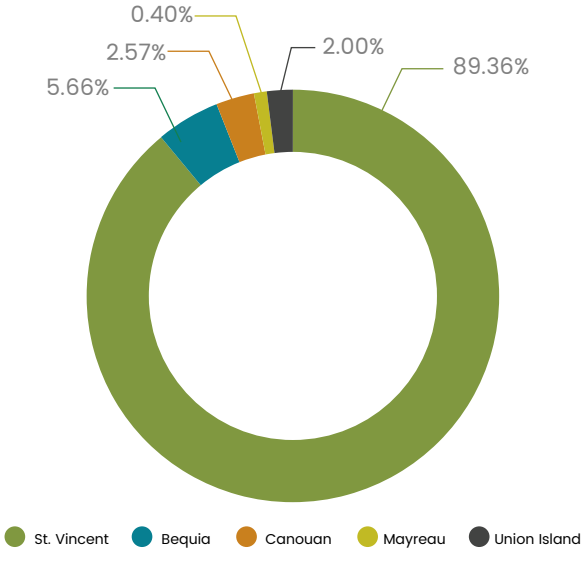


Figure 7: Percentage contribution to electricity generation by island

Electricity generation relied on three primary sources: diesel, hydro, and solar photovoltaic (solar PV). In 2023, diesel power plants accounted for 83% of the country's electricity supply, maintaining the same level as in 2022. Hydro and solar PV contributed 14% and 3%, respectively, resulting in a combined renewable energy (RE) penetration of 17% (Figure 8).

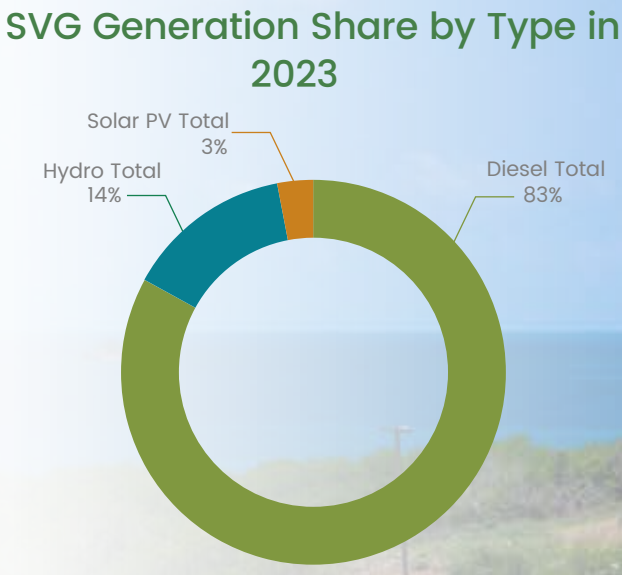


Figure 8: Contributions by energy source

With diesel and hydro capacities remaining relatively stable, the sustained 17% RE penetration amid rising total generation highlights the expansion of solar PV capacity. In 2023, solar PV installations increased by 41% to 431, raising total installed capacity by 36% to 5.7 MW. This expansion drove a 27% increase in solar PV generation compared to 2022. In contrast, diesel and hydro generation grew by 5.6% and 1.9%, respectively (Figure 9).

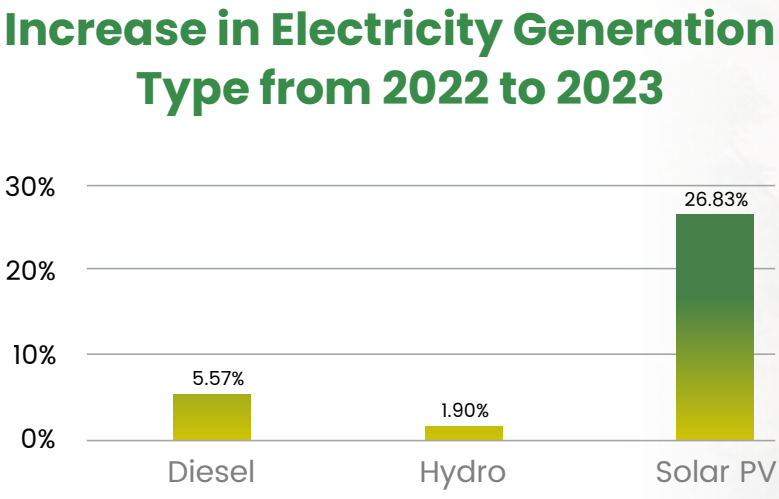


Figure 9: Increase in electricity generation by energy source

The steady growth in solar PV capacity, supported by the Company's policy to facilitate the grid-interconnection of publicly and privately owned RE systems under a Feed -in Tariff arrangement introduced approximately one decade ago, underscores VINLEC's commitment to a sustainable energy future, reducing reliance on fossil fuels and lowering greenhouse gas emissions. This collective effort will not only support the country's goals but also enhances energy security and resilience against external energy market fluctuations. By encouraging investments in renewable energy, VINLEC is actively paving the way for a greener, more sustainable energy landscape that benefits future generations.

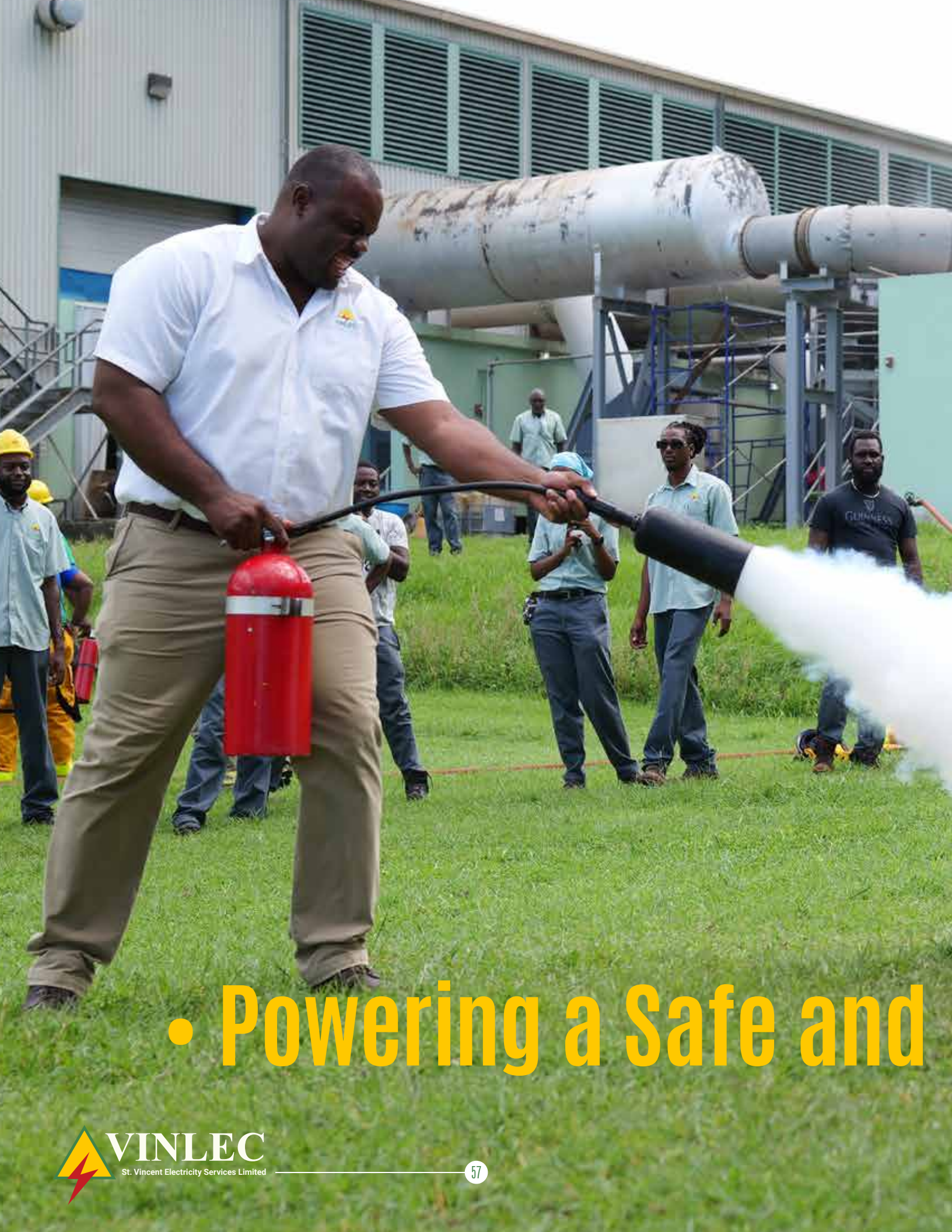
[2019 - 2023]

5 YEARS AT A GLANCE

Powering what matters

VINLEC
St. Vincent Electricity Services Limited

- Powering a Safe and Supportive Workplace
- Powering Communities
- Powering Development and Diversity
- Powering Sustainable Development
- Powering Progress through Digital Transformation



• Powering a Safe and

Supportive Workplace

Human Resources and Administration Department

As we reflect on the years 2019 to 2023, VINLEC remains proud of its unwavering commitment to fostering a positive, engaging and safe work environment. Employees are our most valuable resource and critical to the attainment of VINLEC's goals and mission. Guided by values that prioritise employee well-being, recognition, and professional growth, the company consistently introduced and sustained initiatives that ensured employees feel safe, valued, supported, and empowered.

Occupational Health and Safety

VINLEC has always demonstrated a proactive approach to encouraging and promoting activities and programmes that contribute to overall health, wellness and safety of all of our employees. FR clothing and Automated External Defibrillators were recent additions made to enhance safety within the organization.

Our employees work in environments where ARC flash hazards are prevalent. An arc flash is a type of electrical discharge or explosion which can travel by air between conductors or can travel from a conductor to the ground manifesting as heat or flames.

Fire resistant (FR) clothing which is a type of personal protective equipment used to protect persons from heat and fire related injuries, was introduced to the maintenance and operation staff at the diesel power station in 2020. The following year in 2021 it was introduced to the Transmission & Distribution staff who are exposed to arc flash hazards, first beginning with shirts then pants in subsequent years.

In 2021 AED devices were installed at VINLEC compounds and training was done via The St. Vincent and the Grenadines Red Cross Society. AEDs are used to help those experiencing sudden cardiac arrest. It is a sophisticated, yet easy-to-use, medical device that can analyse the heart's rhythm and, if necessary, deliver an electrical shock, or defibrillation, to help the heart re-establish an effective rhythm. AED training is now a part of the routine training employees receive along with the First Aid and CPR training.

Comprehensive training programmes including Electrical Hazard Awareness, Electrical Lockout/Tagout Procedures, First Aid and Emergency responses (including emergency response measures to be taken during a natural disaster), Personal Protective Equipment (PPE) Training, were regularly conducted to ensure compliance with safety regulations and foster a culture of vigilance and care on the job.

Frequent wellness walks were also often organized to promote physical and mental well-being among employees.

Bargaining Units

The company also continued to uphold the principle of freedom of association, ensuring employees have the right to join bargaining units. In 2023, the Company successfully concluded negotiations with the National Workers' Movement, resulting in fair agreements for rank-and-file employees, while also finalising a new bargaining unit for supervisory and technician staff.

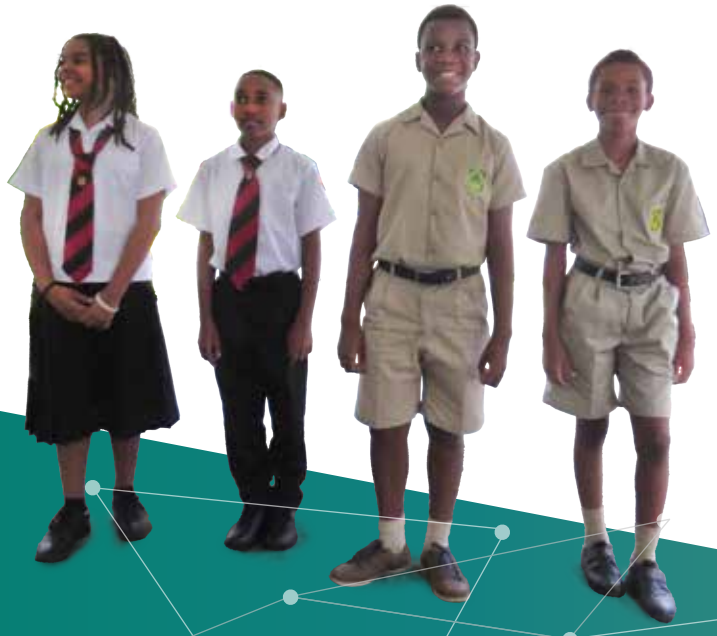
COVID-19

St. Vincent and the Grenadines, recorded its first COVID-19 case in March 2020. In keeping with the directives of the Ministry of Health, VINLEC implemented a range of health measures to curb the spread of virus including social distancing, mask mandates, frequent hand-washing and sanitization, mandatory testing and quarantine protocols, and remote work for employees. Fortunately, no member of staff succumbed to the effects of the virus.

Education and Training

Over the years, a primary focus has been on sourcing and retaining a highly skilled and well-trained workforce. Despite challenges in recruiting a large number of experienced civil and electrical engineers, VINLEC utilised diverse channels and advanced technologies to meet staffing demands. Regular staff training remained a cornerstone of this effort, with employees benefiting from partnerships with institutions such as the Engineering Institute of Technology and collaborations with local, regional and international organisations.

Understanding the importance of supporting employees and their families, VINLEC has also consistently invested in educational opportunities by awarding scholarships to employees and their children for academic pursuits, reinforcing the value of education and continuous growth.



Social events and Team-Building

The Human Resources and Administration Department has also spearheaded activities aimed at enhancing team cohesion and engagement. The Annual Awards ceremonies remained a highlight, serving as a platform to honour outstanding employees and celebrate the dedication of the company's longest serving team members. VINLEC boasts of its numerous employees who have served for periods between 10-40 years. The number of employees who received long service awards during the period 2019 to 2023 are as follows:

YEARS OF SERVICE

Award Year	10-15	20	25	30	35	40
2019	16	5	4	5	3	0
2020	13	2	1	4	8	1
2021	22	3	3	3	8	0
2022	22	6	2	1	3	0
2023	37	9	4	6	11	2

Family-oriented events, such as the Children's Christmas Party and Family Fun Day, continued as annual cherished traditions, creating lasting memories for employees and their loved ones. The valuable contributions of those who have helped build the company were also regularly recognized and celebrated. Retirees were engaged through initiatives such as birthday gift packages, health checks, fitness sessions, and wellness events at scenic locations.

But the focus was not just on building relationships within the company. VINLEC continued to strengthen its long-standing partnerships with other corporate entities through creative means. In 2023, our employees participated in the Corporate Cook-Off hosted by GECCU on National Heroes' Day. The event saw teams from varous corporate entities going head-to-head in a "Roast and Boil-up" competition at the River-14 Recreational Park. Team VINLEC, armed with culinary enthusiasts and skilled cooks, collaborated with each other seamlessly, bringing the company to victory as the 2nd place winner overall.

The VINLEC Sports and Social Club further contributed to this spirit by promoting team building and fostering a sense of community among staff. Through the club, members have had the opportunity to participate in various national sporting competitions, including cricket and football, alongside other business houses.

Powering Communities

Being guided by a commitment to the communities we serve, Corporate Social Responsibility was a major part of our operations. VINLEC continued to nurture a culture where giving transcends financial donations, and focused on initiatives that enhance education, youth development, sports, and cultural preservation.

Education

We remained steadfast in our dedication to education as a cornerstone of community development. Through the VINVolunteers programme, our staff members were able to provide mentorship to students at the Bishop's College Kingstown while supporting the school's meal programme to ensure less fortunate students had access to breakfast and lunch.

VINLEC also had success through its partnership with the Liberty Lodge Boys' Training Centre to work with at-risk youth, offering training in home skills, career guidance, academic support, as well as field trips to power stations, back-to-school supplies and much needed Christmas cheer. This aspect of the programme was unfortunately disrupted by the COVID-19 pandemic and though we have not been able to resume, we are hopeful that it can be revisited in the future.

Other schools have also benefitted through partnerships with VINLEC, including the West St. George Secondary School, where a gardening initiative was explored to instil a sense of responsibility, environmental awareness and practical skills in students. Mentorship talks were also facilitated on the Grenadines island of Bequia.

Les Malcom
Station Supervisor,
Bequia

VINLEC staff interacting with students from secondary and primary schools across the country during several school visits.

Our collaboration with the St. Vincent Community College, Technical and Vocational Division continued to provide student attachment opportunities, offering hands-on field training and practical experience in the energy sector.

J-Qwan Jack - from Intern to Mechanical Fitter at VINLEC

MEET J-QWAN

VINLEC continues to empower young professionals in the energy sector through its internship and employment programmes. One such success story is J-Qwan Jack, now a Mechanical Fitter 3 at the Cane Hall Power Station. J-Qwan's journey with the Company began with a one-month attachment while he was studying at the St. Vincent and the Grenadines Community College, Technical and Vocational Division. During this time, he gained hands-on experience at both the Lowmans Bay and Cane Hall Power Plants, as well as the hydro stations, where he developed a deeper understanding of VINLEC's operations.

After completing his attachment, J-Qwan was eager to continue his journey with VINLEC, leading him to officially apply for a full-time position and subsequently joining the Company's team of skilled technicians.

His prior experience in vehicle mechanics gave him a strong foundation, allowing him to transition smoothly into generator maintenance. Through his employment with the Company, the young fitter said he has been able to hone his skills, working on hydro and diesel-powered generators, performing tasks such as injector removal and valve adjustments with minimal supervision. He has also collaborated with specialist technicians from Wärtsilä to learn industry best practices.

He remains committed to expanding his expertise and revealed plans to begin Level 1 Diesel Mechanics training soon. His journey exemplifies VINLEC's dedication to nurturing young talent and equipping them with the skills needed for a successful career in the energy industry.

Beyond formal education, VINLEC continued its efforts to actively engage in creative customer education initiatives. The company hosted its “Safety Week” annually marked by a series of events geared towards sharing information on ideal safety practices particularly to our customers. For the first time during Safety Week in 2023, customers were offered a chance to test their knowledge on electrical safety and score credit on their accounts of up to EC$250.00. Under the theme “Healthy Mind and Body- Safe Practices in our Community,” the newly created VINLEC Safety Kids (made up of children of employees) also sang and performed “The Electrical Safety song” which highlighted safety practices which should be observed by customers.

Customer Appreciation 2023

Youth, Sports and Culture

The VINLEC Science and Technology Fair and VINLEC Junior Panorama are two flagship events that impact a wide section of youth in St. Vincent and the Grenadines. Both events were hosted annually in June and November respectively, and inspired hundreds of children by promoting innovation through science and technology and preserving cultural traditions.

The Company also retained title sponsorship of cricket competitions at the rural level through partnership with the North Leeward Sports and Cultural Organisation and became actively involved in sponsorship of basketball and mentorship camps in 2023 through the Playaz Youth Academy. Initiatives like these created opportunities for youth to develop leadership skills, build teamwork and embrace healthy lifestyles.

We are committed to supporting sporting and cultural activities in communities where we operate, and sponsorship was consistent throughout the years for Bequia Regatta, Canouan Carnival and Union Island Easterval. In 2023, we sought to sponsor the Mayreau Regatta, which puts emphasis on youth and women being actively involved in the disappearing cultural artform.

VINLEC's annual calendar was another contribution to both education and culture, as it captured relevant educational and cultural topics that will remain valuable for decades. These calendars serve as resources and snapshots of history for future generations, ensuring that the knowledge and traditions of St. Vincent and the Grenadines are preserved.

The VINLEC Choir spreading Christmas cheer

VINLEC sponsors NTRC iCode Competition 2023

A cohort of nurses visiting the Cumberland Power Station


VINLEC
Date: 30TH JUN. 2023
Amount
$ 40,000.00
Pay to the order of YOULOU PAN MOVEMENT
The Sum of FORTY THOUSAND
Dollars

Disaster Relief Assistance

While St. Vincent and the Grenadines was still battling the effects of the COVID-19 pandemic, the island faced another challenge, the eruption of the La Soufrière volcano on April 9, 2021. Further, the island continued to face challenges from tropical systems which led to significant rainfall, flooding and infrastructural damage in some instances. All these significant events prompted the launch of several outreach initiatives to support those affected.

In addition to the technical assistance provided by our Transmission and Distribution Department to aid recovery and rebuilding, VINLEC also collaborated with NEMO and shelter managers to determine the assistance required by each of the emergency shelters. This collaboration informed the purchase and distribution of items to all emergency shelters based on needs identified in initial discussions and visits. Items included clothing and slippers, sanitary items, food, toiletries, medical supplies, sanitisers, detergents, buckets, clothes lines and toys. Affected employees, particularly those who were evacuated from their homes, also received assistance in the form of household items, food, sanitisers, etc. Members of staff volunteered their time to the effort of sorting, packing and coordinating with shelter managers to distribute items. Additional trucks were employed to assist in transporting the items to shelters located in the Marriaqua constituency on April 21, 2021. Items were also transported to shelters within the Central Leeward district on May 19, 2021.

Staff/Club Charity Drives

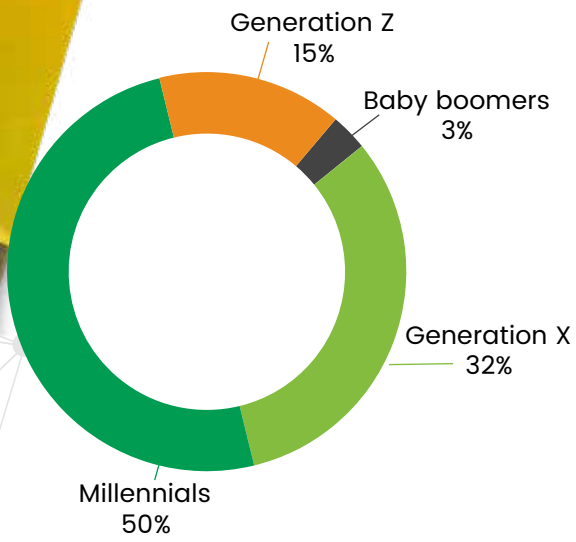
VINLEC is pleased that our staff members have taken the initiative to support social causes through programmes that are aligned with our company's values.

Our staff members have organized numerous charitable events throughout St. Vincent and the Grenadines, contributing financially and through volunteer work. In March 2023, several members of the Human Resources and Administration staff organized a breakfast meal distribution to over seventy (70) homeless persons in Kingstown on Saturday morning. Individuals travelled to the location of the Catholic Cathedral of the Assumption and outside of VINLEC's Paul's Avenue Headquarters, to benefit from the initiative.

Staff not only volunteered their time and resources; they also walked throughout Kingstown to deliver the breakfast meal to individuals who were either incapacitated or ill to journey to the delivery points.

The VINLEC Sports Club has also established partnership with the Milton Cato Memorial Hospital and donated new born baby care items to mothers admitted on the Maternity A ward in December 2023. During this outreach initiative, the Club also donated PPEs and other essential items to the staff of the ward to assist them with providing safe healthcare for their patients.

• Powering Development and Diversity



At the heart of our operations lies a commitment to inclusive growth- both in the energy we provide and the team that powers it. We believe that a diverse workforce drives innovation, and we are proud to reflect that belief across all levels of our company.

Our workforce is a dynamic blend of generations, with team members ranging from Gen Z to Baby Boomers.

While our staff spans this broad age spectrum, the majority of our workforce is composed of Millennials, who form the largest and most vibrant segment of our team. Their energy, adaptability, and digital fluency have been critical to driving our innovation agenda forward.

As at 2023, we have continued to break traditional industry molds by championing gender diversity in core technical functions. Women serve in key roles across our engineering and operations, and dispatch teams - bringing expertise, leadership, and fresh perspectives that enhance our performance and resilience. Of the 50 females on staff, 16% represent our technical workforce.

VINLEC is proud to build an environment where diverse backgrounds, experiences, and ideas are not only welcomed - but essential to our continued success in energising communities and shaping the future of power.

We're not just participating in the change, we are driving it!

• Powering Sustainable Development

(SPECIAL ENGINEERING PROJECTS BETWEEN 2019-2023)

VINLEC
St. Vincent Electricity Services Limited

Abbreviations

AVR Automatic Voltage Regulator
BESS Battery Energy Storage System
EPC Engineering, Procurement and Construction
kWh Kilowatt-hour
kV Kilovolt
kWp Kilowatt peak
GWh Gigawatt-hour
MWh Megawatt-hour
MWp Megawatt peak
PV Photovoltaic
T&D Transmission and Distribution
RE Renewable Energy

Replacement of main Fire Alarm System for Lowmans Bay Power Plant

The fire alarm system installed at the inception of the Lowmans Bay Power Plant became outdated over time, making it difficult to find replacement parts. The most feasible solution was a complete system replacement, and this project was executed between 2019 and 2021. The new system is significantly simpler, easier to maintain, and more user-friendly, while offering the same level of protection.

Cane Hall Truck Shed

A truck shed was constructed at the Cane Hall Engineering Complex in 2022 to reduce the exposure of the company's truck fleet to harsh weather conditions that could accelerate wear and tear. The shed safeguards the company's equipment, optimizing operations, and extending the service life of the fleet, ultimately reducing costs and improving service reliability. Most importantly, keeping the trucks sheltered helps to prevent issues which can compromise worker safety.

Cane Hall Capacity Expansion Projects

After 35 and 29 years of operation, respectively, Units 4 and 5 at the Cane Hall Power Station had reached the end of their useful life. Two new replacement units were installed between the fourth quarter of 2020 and fourth quarter of 2021; and with these new generator units, the reliability and fuel efficiency of the Cane Hall Power Station improved tremendously. This project was executed by Wärtsilä with the aid of a local project manager and contractors.

Engineering Complex Carport Solar PV System

The Cane Hall Engineering Complex Solar PV Carport, which commenced operation in December 2019, was the fourth solar PV system to be engineered, procured and installed by an in-house team from several departments. Though relatively small with an installed capacity of 37 kWp, it is connected directly to the VINLEC grid, exporting all the energy that it generates to the distribution network.

A dedicated lineman carrying out restoration work in the red zone following the eruption of La Soufrière in April 2021

Restoration following the eruption of La Soufrière Volcano

Transmission and Distribution (T&D) teams conducted restoration work north of Byera following devastation to the T&D network by the 2021 La Soufrière volcanic eruptions.

Restoration efforts involved:

- Rerouting sections of the distribution network that were in the path of Lahars
- Reinstating sections of the distribution network that were affected by trees and houses overburdened by the weight of the ash
- Reinstating sections of the distribution network affected by fires caused by electrical tracking arising from rain-soaked ash short circuiting the network
- Collaborating with state agencies to assess the readiness of customers' electrical installation and reinstating their electrical supply
- Clean-up of diesel power plant facilities to prevent fouling of systems.

Training – Live 11 kV lines

The program involving the training of a team of Linemen to work on live 11 kV lines officially started in May 2022. Its goal is to improve reliability and reduce service interruptions by enabling maintenance on critical circuits while they remain energised, minimising unserved energy and disruptions for customers.

Cumberland Generator sets AVR Upgrade

Before this project, the generators at the Cumberland Hydro Plant used excitation systems that were installed since the plant's commissioning in 1987. Following a decline in availability, increasing maintenance costs, and increasing difficulty in finding replacement parts for the excitation systems, an upgrade was deemed necessary. The upgrade included the design, configuration and installation of digital excitation systems to integrate into the existing generators. This project was completed in 2021.

Streetlights Upgrade

All 7,308 High Pressure Sodium (HPS) streetlights throughout St. Vincent and the Grenadines (SVG) were changed to more efficient Light Emitting Diode (LED) lights during the years 2021 and 2022. This resulted in energy savings of approximately 45%.

Bequia Primary Distribution Upgrade

The primary distribution upgrade project commenced in Bequia in 2021. The aim of this project is to provide alternate routes and switching points on the distribution network which would reduce outage areas, thus lessening service interruption and unserved energy.

Extension of 33 kV transmission lines in Central and South Leeward

Preliminary work commenced in 2022 with consultants on a project to extend the 33 kV transmission infrastructure in the Central and South Leeward areas. This extension would provide increased reliability and capacity to service the present and future developments in the areas.

Installation of LED street lights across the decommissioned ET Joshua tarmac

New generator installed in the 2022 Cane Hall Expansion project

Representatives from Wärtsilä and local contractors, VINLEC staff and project manager posed for a group photo following the installation of new gen sets in the 2022 Cane Hall Expansion project

Mayreau Power Station

The Union Island Solar PV plant was officially commissioned in March 2019

The installation and commissioning of a new Black Start Generator in 2023 at the Lowmans Bay Power Station

New Union Island Solar PV and BESS Fire Protection

In 2018, an Engineering, Procurement and Construction (EPC) contract was signed for the construction and commissioning of a Solar PV and BESS system, completed in 2020. The project included building infrastructure to house medium voltage switch-gear and a new storeroom, as well as a container for the BESS. However, these new facilities lacked fire detection and protection systems. To address this, a new fire detection and protection system was installed in 2021-2023 for the switch gear building and BESS container, integrating with the existing system from 2015/2016 that protected the low voltage switchgear. This upgrade allows operators to monitor the entire station from the Fire Alarm Control Panel in the Control Room. The installation was completed by an in-house team, with inspection and commissioning managed by the supplier/contractor.

Mayreau Replacement Unit No. 3A Generator Set

Mayreau Power Station's Unit 3 was installed in 2003, during the station's commissioning. Between then and 2019, the island's load had grown significantly and was anticipated to increase further due to commercial developments. To satisfy the growing electricity demand, Unit 3 was replaced with a larger and more efficient unit in 2022. The installation of this new generator has also enhanced power system reliability and optimised generator operation for improved fuel efficiency.

Union Island Solar PV and BESS Microgrid

Commencing commercial operation in April 2020, the Union Island Solar PV and BESS Microgrid has generated a total of 2.0 GWh of clean energy up to December 2023. This resulted in estimated savings of 117,000 imperial gallons of diesel fuel oil, and a renewable energy (RE) penetration of 12.5%. Daily RE penetration peaked at 38.8% on days with abundant sunshine. During such days, the automated microgrid system can shut down the diesel generators, allowing the solar PV and BESS to exclusively power the island for over eight hours a day in diesel-off mode.

New Peaking Plant / Black Start Generator, Lowmans Bay Power Station

This project commenced in late 2020 with the aim of replacing the existing black-start generator at the Lowmans Bay Power Station with one of greater capacity to improve the efficiency of power restoration following an island-wide blackout. It is also ideally sized to be used as a peaking plant. The generator was installed and commissioned in 2023.


VINLEC
POWERBOX
POWERBOX
POWERINK
GROSS WT
21,000 KGS
46,297 LBS
TARE WT
21,500 KGS
46,297 LBS
REAR
9'
6"

Compressor for Cane Hall Power Station

In 2022, the scheduled overhaul for compressors was temporarily cancelled due to the substantial cost of overhaul parts. A financial comparison revealed that the required overhaul parts were just as expensive as purchasing a new compressor, and a cost -benefit analysis indicated that procuring the new compressors would be more economical in the long term. Therefore, new compressors were strategically acquired to improve plant availability and reliability, while improving the quantity and quality of the air supply to the generating units. This project was completed in 2023.

Canouan Power Station Building: Air Intake / Exhaust Silencer Replacement

In 1994, the Canouan Power Station was commissioned with an installed capacity of 1080 kW. During the construction of the Power Station four (4) air intake silencers were installed to reduce the noise level in and around the station. There were also three exhaust fans on the opposite side of the station mounted near the ceiling level. In 2021, the installed capacity at the Power Station had increased to 3740 kW. The purpose of the project was to replace deteriorated silencers while reducing the noise level at the plant to an acceptable international standard. Between 2022 and 2023, silencers were procured, installed and commissioned successfully.

Mayreau Solar PV and BESS Microgrid

The Mayreau Solar PV and BESS microgrid commenced full operation in June 2022. At the end of 2023, the solar PV system had supplied a total of 202 MWh of clean energy to the residents of Mayreau, saving an estimated 15,000 imperial gallons of diesel fuel. This equates to a RE penetration up to that point of 20%. Daily RE penetration peaked at 35.4% on 7th April 2023.

Renewable Energy Micro-generation

As the Company advances its renewable energy initiatives and supports the grid integration of customer-owned solar PV systems, the solar PV capacity in SVG has shown a steady upward trend in recent years. Notable milestones include surpassing 3 MW of total installed capacity in 2020, 4 MW in 2022, and 5 MW in 2023.

Bequia Expansion Project

In 2023, project preparations began for the construction of a new power station in Bequia. The project will address operational and maintenance challenges while ensuring the island's electricity generation meets both current and future demands.

Upgrade to Distribution Feeders

Remote switching equipment were installed on some key distribution feeders to increase the speed of isolating and rerouting power through different circuits to reduce outage time and/or maintain supply to critical customers.

General Maintenance

Several line extension jobs were routinely conducted to provide electric power to public and private housing developments, and the vegetation management budget was increased to address vegetation issues on the T&D network.

• Powering Progress through Digital Transformation

The Information Systems Department (ISD) and the Customer Services Department (CSD) are pivotal to VINLEC's operational excellence and journey of digital transformation.

The Information Systems Department oversees the management and maintenance of VINLEC's information and communication technology (ICT) infrastructure and systems. Up to 2023, the Department delivered several impactful projects, including the extension and restoration of fibre optics to the Cumberland Power Station (Head Works), the upgrade of the SCADA system for remote automation and control of Power Stations, as well as continuous enhancements to the network, bill processing equipment, data backup solutions, and disaster recovery capabilities.

The Customer Services Department at VINLEC continues to play a critical role by ensuring prompt, efficient responses to customer queries while spearheading new policy developments to enhance the overall customer experience at VINLEC.

During the period 2019 to 2023, the Information Systems Department, in close collaboration with the Customer Services Department undertook several transformative projects that deliver tangible benefits to the public.

Electronic mailing of Utility Bills (e-billing)

E-billing was officially rolled out in 2022. In February of that year, every customer received an introductory letter explaining the new service, alongside their printed bill. The project focused on configuring VINLEC's billing software to automatically email utility bills to customers, supporting environmental sustainability, improving customer convenience, and reducing operational costs.

The following table illustrates the significant reduction in printed bills in St. Vincent:

Period	Hand Delivered Bills (Qty)	Total Bills Produced (Qty)	Electronic Billing
December 2021	33,018	42,638	
December 2022	20,239	43,022	22,783 (52.9%)
December 2023	19,305	43,580	24,275 (55.7%)

Customer feedback shows that 50% found e-billing more convenient. Instantaneous delivery and significant paper savings were additional highlights.

Click2Gov (C2G)

The Click2Gov (C2G) web portal, implemented between 2018 and 2019, offers customers secure access to their billing accounts online, enabling them to view historical bills, monitor pending payments, and receive real-time updates.

Key results of C2G include 60% of customers accessing accounts online, a 50% approval rate for ease of use, and a 30% reduction in support enquiries.

Bill Payment Kiosks

In the last five years, VINLEC deployed four (4) self-service kiosks to improve customer accessibility and operational efficiency. Kiosks were installed at the Corporate Headquarters, Kingstown, The Joshua Center in Arnos Vale and at the power station in Bequia. These provide additional hours of service to customers since traditional counter services were limited by staffing and hours of operation. The kiosks also provide an alternative that reduces waiting times and improves convenience.

Since the introduction of the Kiosks, there have been over 200,000 customer interactions, a 40% reduction in wait times, with 70% of users reporting improved service experience.

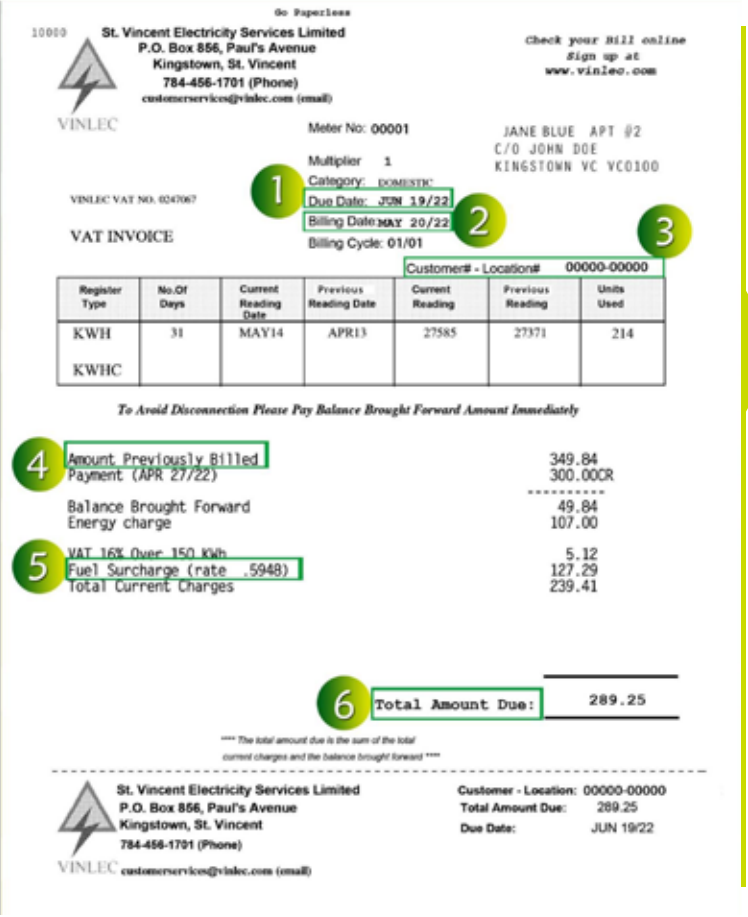
VINLEC Webpage

VINLEC's website was upgraded to serve as a central platform for customer engagement, offering account access and enabling online bill payments through financial institutions. Over the reporting period, the site's enhancements have improved usability, accessibility, and performance across devices. With a focus on customer experience, the site has seen increased traffic and engagement, supporting both self-service adoption and operational efficiency.

Key features include streamlined navigation, secure account access through C2G, and real-time updates on customer accounts. On-going developments aim to align the website with evolving user needs and digital best practices, reinforcing VINLEC's commitment to innovation and service excellence.

Redesigning of the Bill Form

As part of ongoing efforts to enhance customer communication and transparency, VINLEC undertook a comprehensive redesign of its bill form in 2022. The new design features a clearer layout, simplified language, and improved visual hierarchy, making it easier for customers to understand charges, usage details, and payments at a glance.



Go Paperless

St. Vincent Electricity Services Limited
P.O. Box 856, Paul's Avenue
Kingstown, St. Vincent
784-456-1701 (Phone)
customerservices@vinlec.com (email)

Check your Bill online
Sign up at
www.vinlec.com

VINLEC

Meter No: 00001
Multiplier 1
Category: DOMESTIC
Due Date: JUN 19/22
Billing Date: MAY 20/22
Billing Cycle: 01/01

JANE BLUE APT #2
C/O JOHN DOE
KINGSTOWN VC VC0100

VINLEC VAT NO. 0247067

VAT INVOICE

Customer# - Location# 00000-00000

Register Type	No.Of Days	Current Reading Date	Previous Reading Date	Current Reading	Previous Reading	Units Used
KWH	31	MAY14	APR13	27585	27371	214
KWHC						

To Avoid Disconnection Please Pay Balance Brought Forward Amount Immediately

Amount Previously Billed	349.84
Payment (APR 27/22)	300.00CR
Balance Brought Forward	49.84
Energy charge	107.00
VAT 16% Over 150 KWh	5.12
Fuel Surcharge (rate .5948)	127.29
Total Current Charges	239.41

Total Amount Due: 289.25

*** The total amount due is the sum of the total current charges and the balance brought forward ***

St. Vincent Electricity Services Limited
P.O. Box 856, Paul's Avenue
Kingstown, St. Vincent
784-456-1701 (Phone)
VINLEC customerservices@vinlec.com (email)

Customer - Location: 00000-00000
Total Amount Due: 289.25
Due Date: JUN 19/22

This approach has contributed to a measurable improvement in bill readability and has reduced billing-related enquiries to support services. The updated format aligns with VINLEC's broader commitment to digital transformation, accessibility, and user experience.

VINLEC's digital transformation efforts over the past five years underscore its commitment to operational excellence and customer-centric innovation. From digitized billing to self-service platforms, VINLEC continues to embrace technology as a driver of customer value and operational resilience.

Future Plans

AMR/AMI - Automated Meter Reading

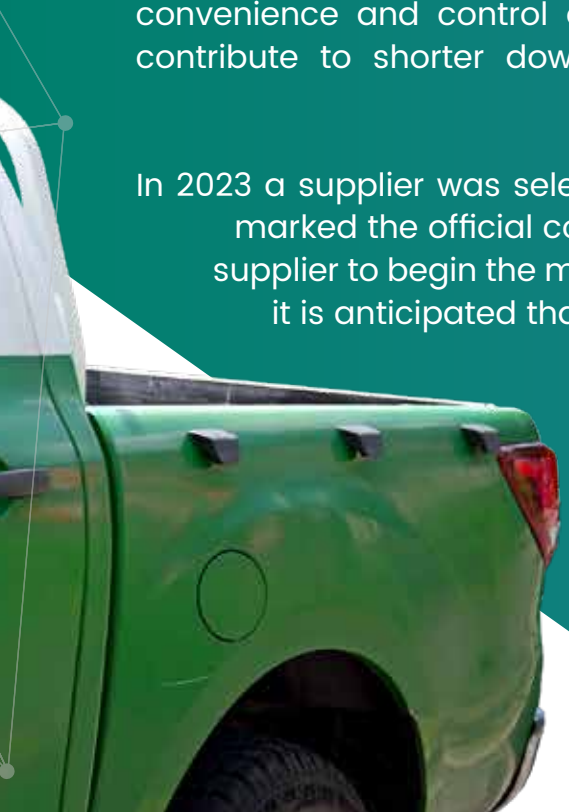
An effective response to meter reading challenges

In 2020, VINLEC began examining various available technologies to find a viable replacement and upgrade for an obsolete meter reading system. After much research, VINLEC chose the most suitable option for its operations - an AMI ready Automatic Meter Reading (AMR) solution. With this option, there is the ability to gradually upgrade to Advanced Metering Infrastructure (AMI) in the future to allow various new capabilities including prepaid options that some customers have requested.

The introduction of AMR will enhance operational efficiency by automating meter readings, reducing the need for manual processes, and improving system reliability through faster detection of service issues. It also lays the foundation for future innovation, ensuring VINLEC remains adaptable to evolving energy demands. The investment also aligns with VINLEC's commitment to sustainability by promoting energy efficiency.

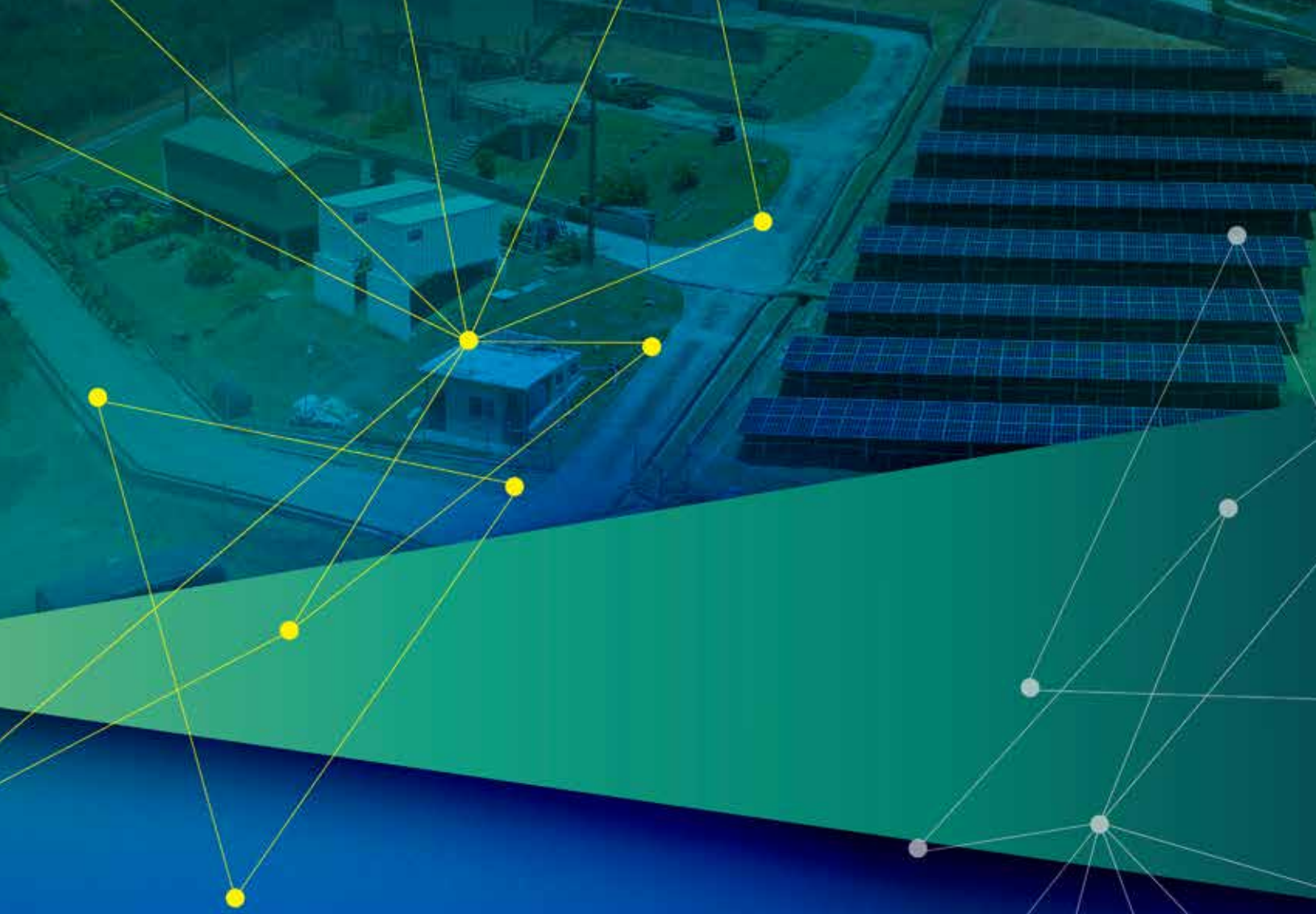
Additionally, these advancements are sure to translate into noticeable benefits for customers. With AMR meters, billing accuracy is improved by eliminating estimates, and meter-related issues can be resolved more quickly through remote diagnostics. When VINLEC transitions to AMI, customers will gain even greater control over their energy use with access to real-time consumption data through an online portal, enabling better energy management. These enhancements not only encourage energy conservation and cost savings but also provide customers with greater convenience and control over their electricity usage. The advanced system will also contribute to shorter downtimes during power outages by providing instantaneous outage data, allowing for quicker response times.

In 2023 a supplier was selected to facilitate the deployment of an AMR system and this marked the official commencement of the project. VINLEC is working along with the supplier to begin the meter change out process for approximately 50,000 meters and it is anticipated that the distribution of meters under this project will be complete over the next two to three years. VINLEC's readiness for the digital era reflects our dedication to sustainability, transparency, and continuous improvement.



FINANCIAL STATEMENTS


Eastern Cari
Central
WE222950
WE222949
WE222938
THESE NOTES ARE LEGAL TENDER
FOR THE PAYMENT OF ANY AMOUNT
ECCB
100
$100
ELIZABETH THE SE
EAST CARIBBEAN STATES 2016
5
FIVE CENTS
EAST CARIBBEAN STATES 2018
10
TEN CENTS



VINLEC

St. Vincent Electricity Services Limited

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