



# 2022

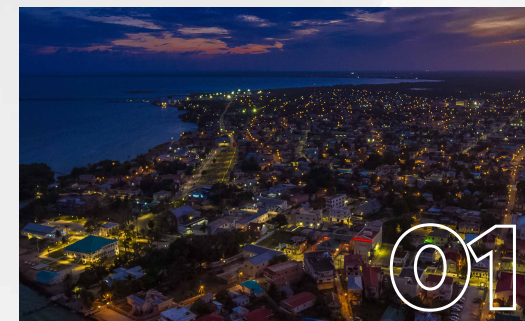
## ANNUAL REPORT

TO SHAREHOLDERS

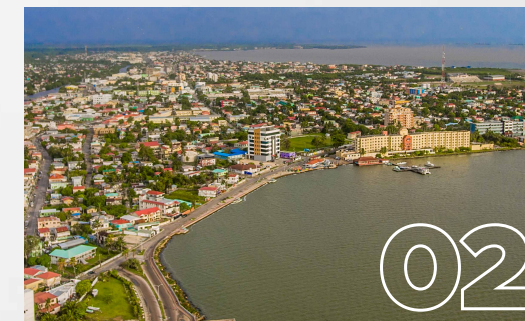
BUILDING A  
**MODERN**  
**ENERGY SERVICES**  
**INFRASTRUCTURE**  
**IN BELIZE**



# Table of Contents



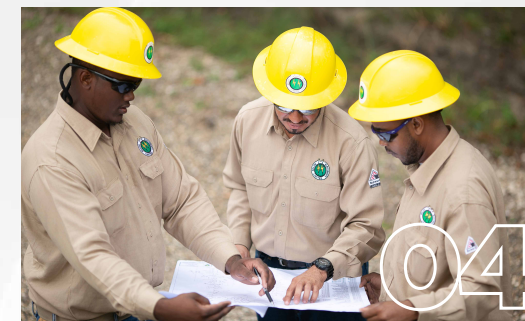
**Company Profile**



**Report to Shareholders**



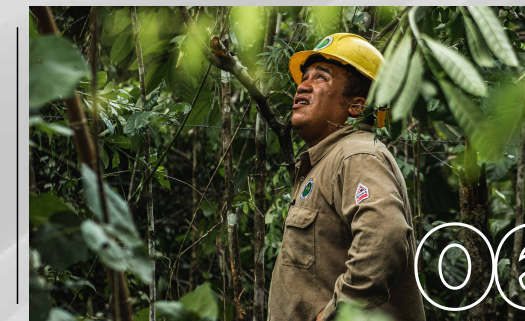
**Building a Modern Energy Services Infrastructure in Belize**



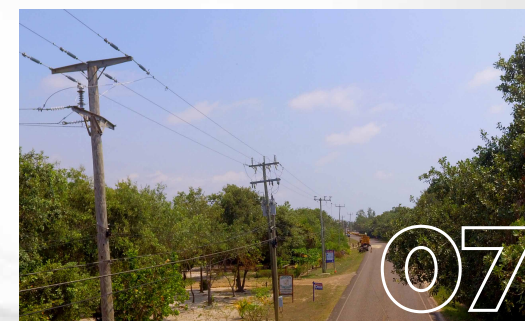
**Management Discussion & Analysis**



**Improved ways to serve you.**



**Our Intrinsic Values Amidst Hurricane Lisa Restoration**



**2023 Outlook**



**Financial & Operating Statistics**



**Corporate Information**



# Company Profile

**Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. The Company served a customer base of 108,500 accounts, sold 601.8 gigawatt-hours (GWh) of energy, and met peak power demand of 110.3 megawatts (MW) in 2022.**

**BEL owns and operates the national electricity grid which includes approximately 2,000 miles of transmission and primary distribution lines. Additionally, the Company owns 24 MW of installed generation capacity. The national electricity grid is supplied from multiple energy production sources including hydro, biomass, solar, and fossil fuels. Since 1998, the national electricity grid has been interconnected with Mexico's national electricity grid, allowing BEL to expand its power supply capacity. All major service areas are connected to the national electricity grid except for the island community of Caye Caulker, which is supplied independently by BEL.**

**The Government of Belize (GOB) has direct ownership of 32.58% interest in the Company, whilst the Social Security Board (SSB) owns 31.27% resulting in public sector interest of 63.85%. Fortis Cayman Inc. owns 33.30% interest and over 1,500 small shareholders own the remaining 2.85% interest in ordinary shares.**



**WE ARE  
FOCUSED ON  
THE FUTURE,  
YOUR FUTURE.**

# REPORT TO SHAREHOLDERS

## Building a Modern Energy Services Infrastructure in Belize

### A CALL FOR ACTION

The delivery and consumption of electrical energy in Belize has become so pervasive and commonplace that we take notice of it only when we no longer have it – when there is a power outage. If we wish not to be subjected to outages in the future, then we must act now to secure the required energy generation and supply to meet Belize's ever increasing needs. Well-crafted plans to secure the necessary capacity to generate and distribute the required electrical energy must be executed and, given supply side constraints, executed well in advance of foreseeable threats to service delivery.

BEL has undertaken complex planning processes to ensure that sufficient electricity is produced and available to meet consumers' demands, and that the grid is capable of transporting this energy efficiently and reliably to where it is needed. At the center of these processes is the 20-year Least Cost Expansion Plan ( "the LCEP"). The most recent LCEP was completed last August and founds the strategy embedded within the Five-Year Business Plan now being executed by BEL.

The LCEP provides a roadmap for meeting Belize's growing energy needs in a sustainable and cost-effective way, taking into account various factors such as population growth, economic development, available supply-side and demand-side technologies, and environmental considerations. The process for formulating the LCEP involved a comprehensive economic and engineering analysis to determine what and how much generation is needed to meet evolving demand and where is this generation best placed to enhance reliability and reduce cost.

The LCEP also contains recommendations for grid infrastructure enhancements needed to support building out in-country generation resources, and introducing grid modernization equipment to increase efficiency, reliability, and flexibility. These major transmission system investments include:

A second transmission line, interconnecting Ambergris Caye with mainland Belize to enlarge power transfer capacity to cope with burgeoning loads and to create redundancy for better reliability. This will also support the submarine interconnection between Ambergris Caye and Caye Caulker, which is now scheduled to be completed by the end of this year.

A second 115 kV transmission line and switching station between North Ladyville and Belize City connecting to a second substation in Belize City to provide redundancy and so improve reliability of supply in Metropolitan Belize District.

A new 115kV transmission line running from La Democracia to Dangriga to enhance the power transfer capacity and reliability of the connection between the western and southern zones and to accommodate the interconnection of gas-powered plants needed to stabilize energy delivery from renewable sources.

Importantly, the LCEP also recommends the deployment of 40 MW of battery storage which is vital to any expansion strategy incorporating high levels of intermittent renewables, such as solar and wind energy, as they allow for capturing and storage of excess energy when demand is low and dispatching later when needed. Adequate battery storage at strategic locations within the grid is also required to maintain and improve reliability and stability of electricity supply.

At the present time, Belize cannot meet its demand for electricity solely from local sources of electricity generation. As is, BEL relies on Mexico (CFE) to supplement in-country electricity generation capacity and is, in a sense, at the mercy of the conditions and circumstances of the Mexican energy market for the reliability and stability of the electricity supply within Belize. While this arrangement has served Belize well for many years, indications are that the southern part of Mexico, from where BEL purchases its energy from CFE, will likely begin to experience shortages and concomitant higher prices.

Belize at this time has no other reasonable choice but to seek to build in-country capacity to meet its energy needs and, given the time it will take to achieve this build-out, to act to start doing so.

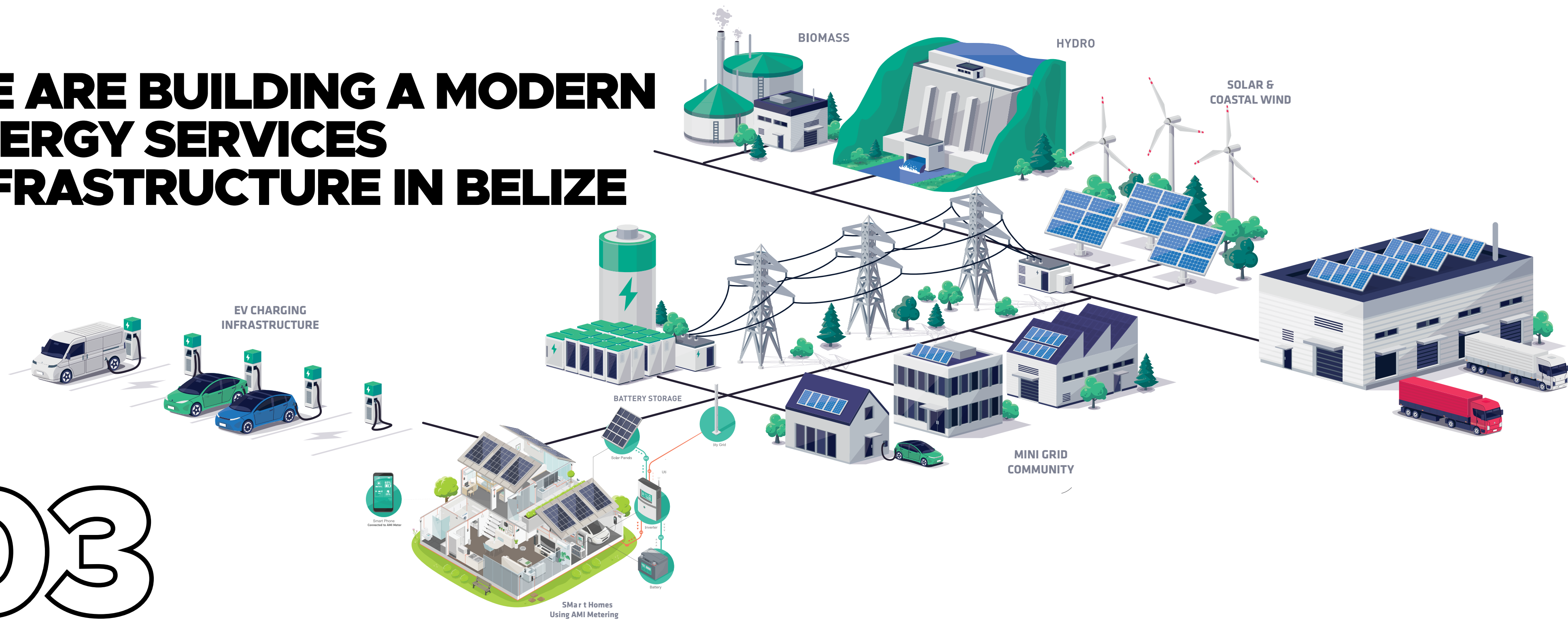
BEL has once again, as it has been doing for the last four years, made calls to the Public Utilities Commission to initiate the required process for inviting investments in new in country generation facilities. We have provided the PUC with all the information and support it needs to act.

That process can no longer be delayed. It must start now! Not next year, not next month, but now, if BEL is to have any realistic prospect of realizing our Mission to deliver safe, reliable, and sustainable energy solutions in the medium and longer term. We stand prepared to lead.



**Mr. E. Andrew Marshalleck S.C.**  
Chairman, Board of Directors

# WE ARE BUILDING A MODERN ENERGY SERVICES INFRASTRUCTURE IN BELIZE



03

# MANAGEMENT DISCUSSION & ANALYSIS

## Earnings

Earnings before interest, taxes and depreciation (EBITDA) was \$48.3 million in 2022, a contraction of \$18.718.5 million from \$66.8 million in 2021. Correspondingly, net profits were \$15.115.3 million or \$0.22 per share in 2022, down from \$34.0 million or \$0.49 per share in 2021.

Notwithstanding increased revenues in 2022 compared to 2021, a disproportionate increase in the cost of power resulted in a reduction in earnings compared to 2021. Energy cost, specifically for energy purchased from Comisión Federal de Electricidad (CFE) as well as energy generated from fossil fuel sources rose from the unusually low levels experienced during the pandemic. As a result, cost of power accounted for 65% of comprehensive revenues in 2022, up from 58% in 2021.

### Earnings Overview For Years Ended December 31 (in millions of Belize dollars)

	2022	2021	2020	2019	2018
Comprehensive Revenue	\$249.516	\$235.971	\$232.987	\$253.634	\$222.854
Cost of Power	(\$162.683)	(\$135.893)	(\$118.752)	(\$187.796)	(\$168.683)
Operating & Other Expenses	(\$38.563)	(\$33.279)	(\$35.514)	(\$32.668)	(\$32.126)
<b>EBITDA</b>	<b>\$48.270</b>	<b>\$66.799</b>	<b>\$78.721</b>	<b>\$33.169</b>	<b>\$22.046</b>
Depreciation & Amortization	(\$22.870)	(\$22.465)	(\$22.080)	(\$20.782)	(\$18.784)
<b>EBIT</b>	<b>\$25.400</b>	<b>\$44.334</b>	<b>\$56.641</b>	<b>\$12.388</b>	<b>\$3.262</b>
Interest Expense	(\$5.773)	(\$6.262)	(\$5.937)	(\$4.902)	(\$3.810)
Corporate Taxes	(\$4.285)	(\$4.062)	(\$4.042)	(\$4.396)	(\$3.822)
<b>Net Income</b>	<b>\$15.342</b>	<b>\$34.010</b>	<b>\$46.662</b>	<b>\$3.089</b>	<b>(\$4.371)</b>

### Earnings Overview For Years Ended December 31

	2022	2021	2020	2019	2018
Comprehensive Revenues(millions of BZD)	\$249.5	\$236.0	\$233.0	\$253.6	\$222.9
Cost of Power	65%	58%	51%	74%	76%
Operating Expenses	16%	14%	15%	13%	14%
Depreciation and Amortization	9%	10%	10%	8%	8%
Net Interest Expense	2%	2%	2%	2%	2%
Corporate Taxes	2%	2%	2%	2%	2%
Gain (Loss) on disposal of fixed asset	(0%)	0%	0%	0%	0%
Profit	6%	14%	20%	1%	(2%)

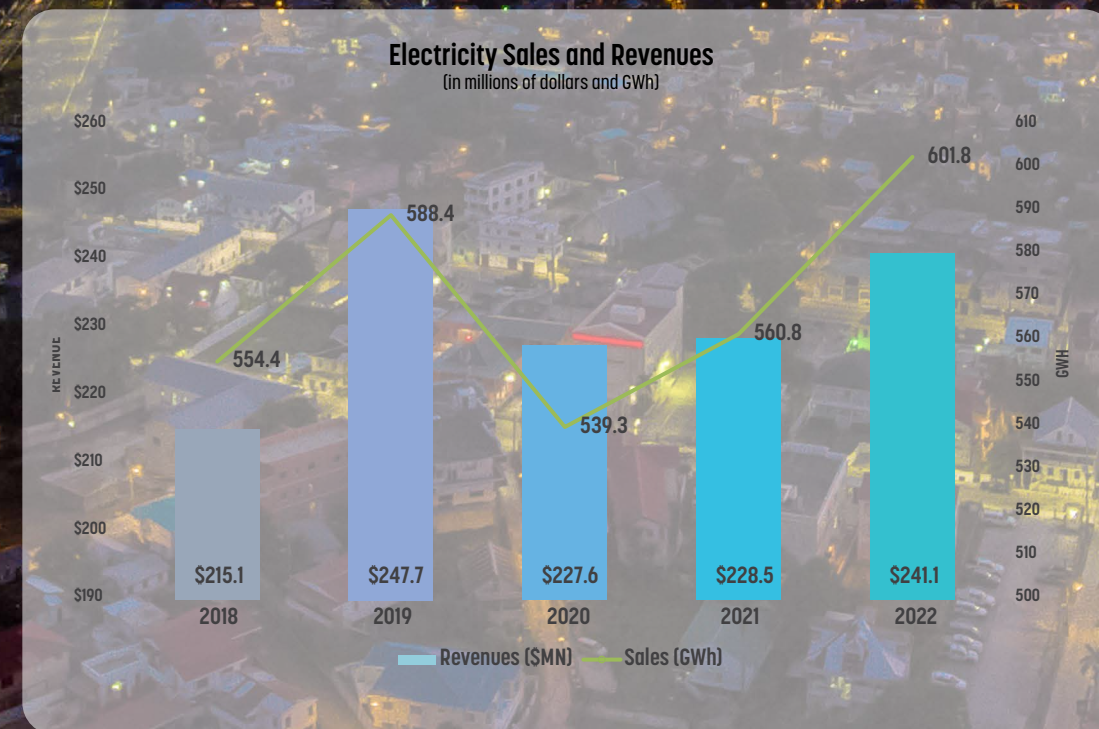
## Lighting Up Opportunities, Driving Economic Recovery

### A Shining Year for Our Energy Sales

# 7.3%

**INCREASE IN SALES**

Energy sales grew by 7.3% in 2022, reaching a record high of 601.8 GWh, driven by the ongoing economic recovery, especially in the tourism sector. Energy sales to commercial customers increased by 12.9% while sales to the industrial sector doubled. However, sales to residential customers decreased as the population returned to offices and workplaces from remote working arrangements.



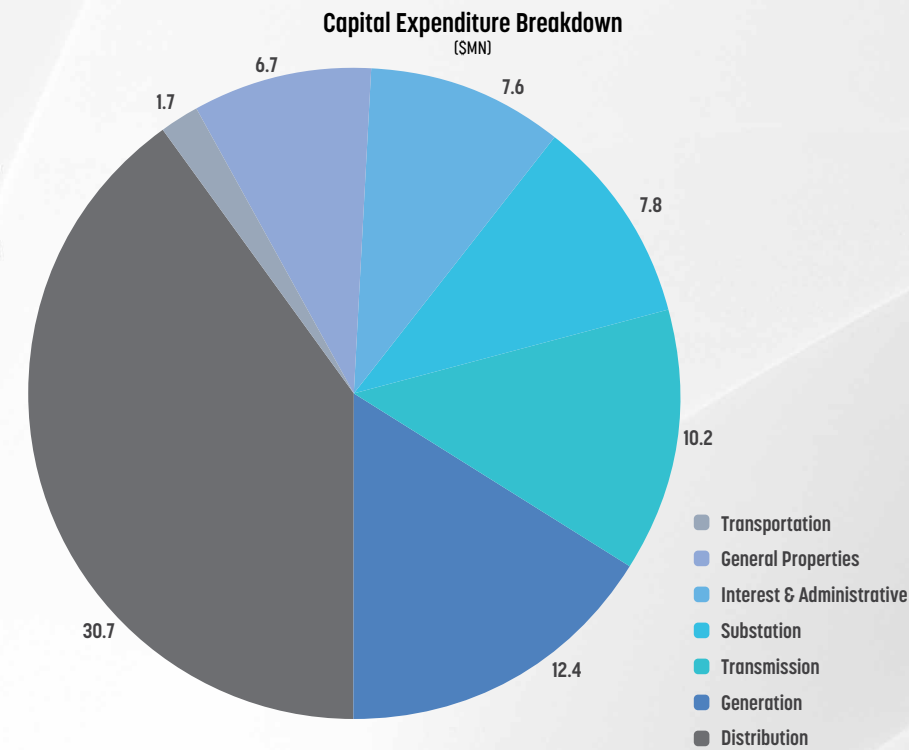


# Investing in Tomorrow's Energy Infrastructure

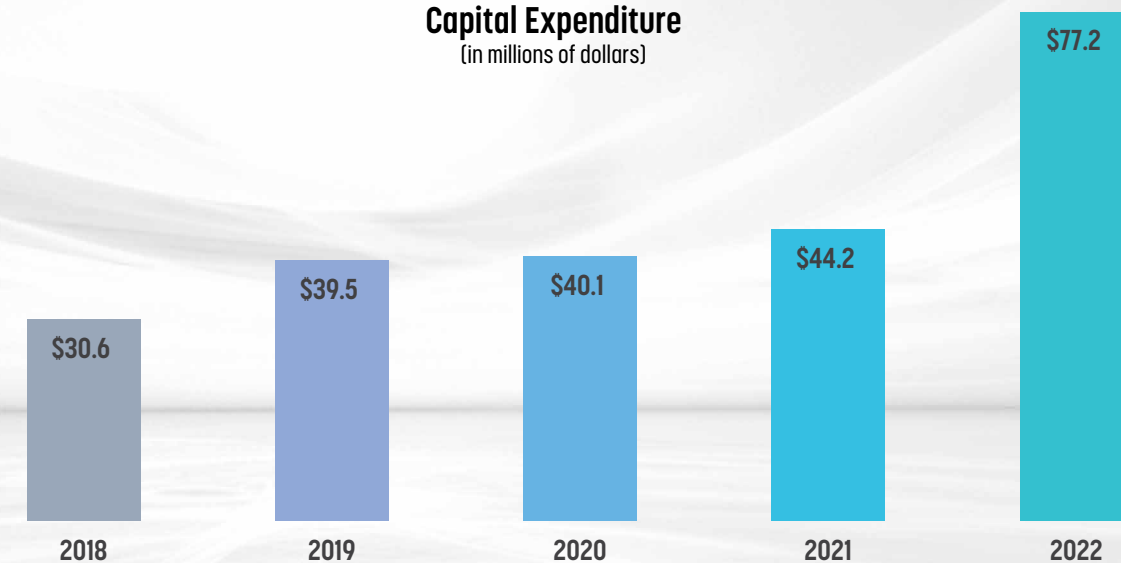
*Bolstering Growth with Unprecedented Levels of Capital Investment*

**\$77.2** MN  
IN INVESTMENTS

Capital investment in 2022 amounted to \$77.2 million, the highest level of investment made in any year, and more than double the annual rate of investment over the previous 10 years. During 2022, BEL continued to focus on expanding and improving its distribution network, enhancing the transmission system and substations, and upgrading its generation assets.



**Capital Expenditure**  
(in millions of dollars)

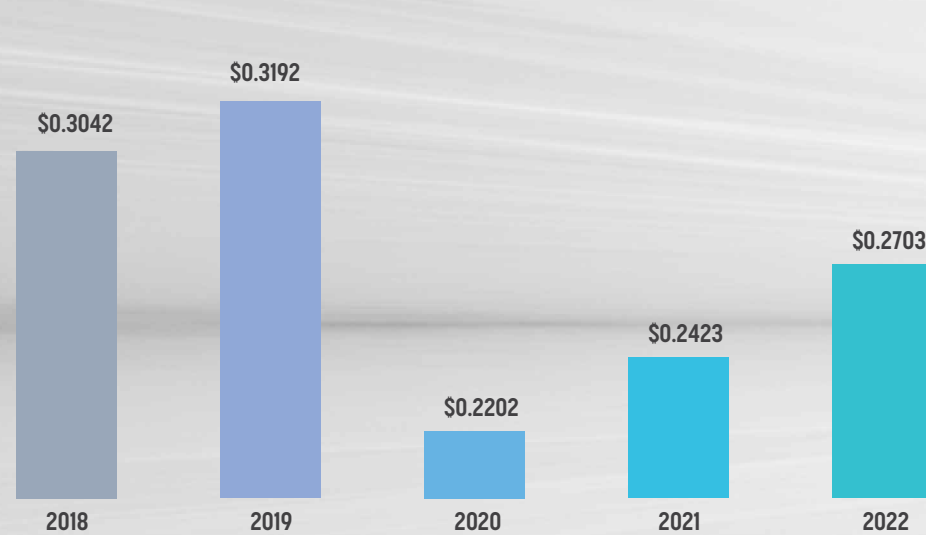


# Managing Costs, Building Sustainability

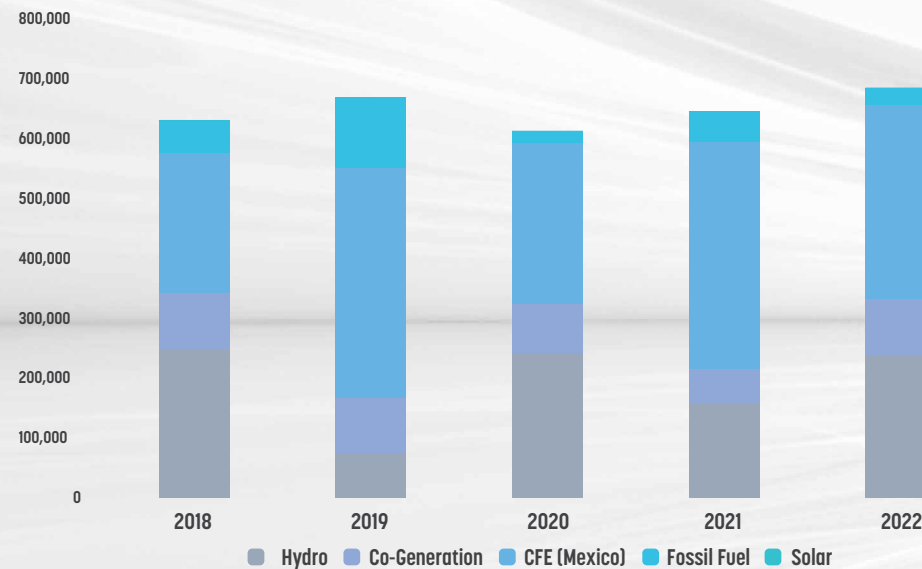
## *In-Country Renewable Energy Sources Help to Stabilize the Cost of Power*

Cost of power from Independent Power Producers and BEL's own generating plants increased by 19.7% in 2022. This was due to a higher consumption of energy by Customers and an increase in the average unit cost of power purchased from suppliers. Despite an increase in local energy production, a significant portion of energy was procured from CFE at a unit cost of 27% higher than 2021 as CFE experienced numerous challenges with transmission line congestion in the Yucatan Peninsula. The Least Cost Expansion Plan aims to increase in-country firm capacity and reduce reliance on imported energy to stabilize the cost of power.

Average Cost of Power  
(in millions of dollars)



Energy Production (MWh) by Source







# STRATEGICALLY PLACED CHARGING STATIONS TO MEET THE EVOLVING MARKET

## Pursuing Economies of Scale through Market Expansion and Innovation

*Unleashing Opportunities in the Evolving Energy Landscape*

### **BUILD OUT OF NATIONAL ELECTRIC VEHICLE CHARGING NETWORK**

The rolling out of a national Electric Vehicle Charging Network (EVCN) is widely considered critical to jumpstarting a viable Electric Vehicle (EV) economy. The EVCN build out is being implemented in two phases under the brand 'ChargeNGO'.

Phase 1 was initiated in March of 2022 with the rollout of two Level-2 AC charging stations in the Best Western Biltmore Hotel and Caribbean Motors compounds on the Philip Goldson Highway in Belize City and the first DC charging station being completed at BEL's Corporate Headquarters in Belize City. The remaining nine charging stations are being scheduled for completion in 2023.

Phase 2 will start in 2023: Four Level-3 charging stations will be setup in Punta Gorda, Independence, Orange Walk, and Corozal to complete the nationwide coverage with DC rapid chargers. Eight Level-2 charging stations will be strategically installed at Tourist destinations in Placencia/Hopkins, Dangriga town, and BEL workplaces.

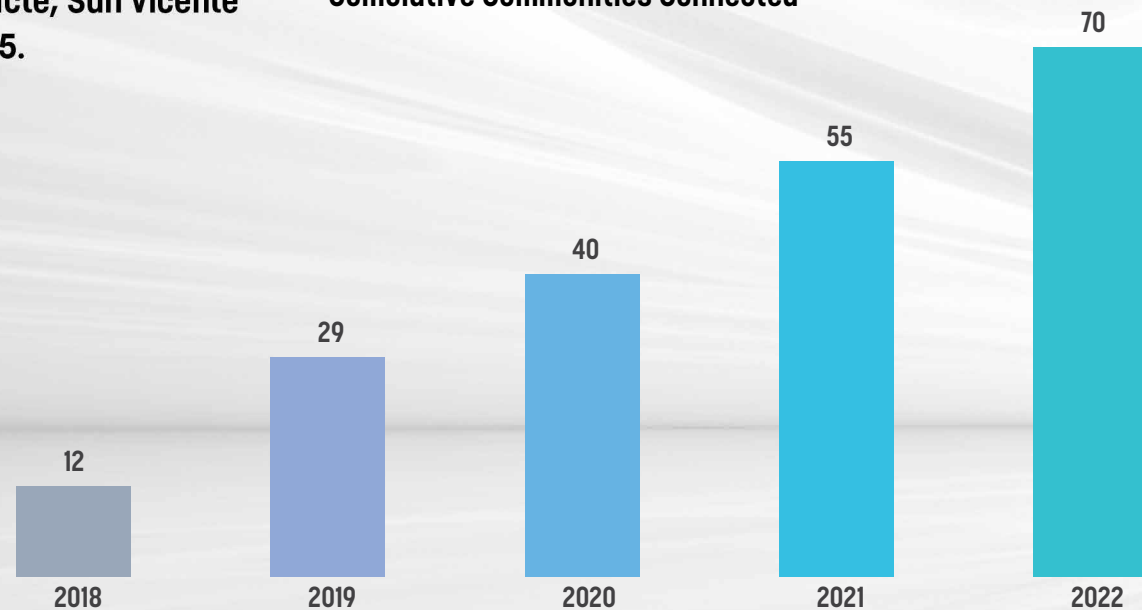
The Company has established a separate unit to focus on marketing services and expanding sales by exploring opportunities for growth in the transportation sector and exploiting other emerging global trends that utilize electrical energy.

# Powering Progress, Energizing Communities

## *Collaboration for Sustainable Energy Solutions*

BEL continues to work towards universal access to energy services in Belize by 2030. In 2022, the grid was expanded to reach 12 previously unserved communities, connecting and supplying a further 400 households. This included the installation of a mini-grid system supplied by a Solar PV generating plant with battery backup in Indian Creek in the Toledo District in collaboration with the Energy Unit of the Government of Belize. BEL intends to install three additional mini-grid systems to supply electricity to the villages of Indian Church and San Carlos in the Orange Walk District and in Jalacte, San Vicente and San Benito Poite in the Toledo District by 2025.

Cumulative Communities Connected



# EXPANDING OUR REACH TO PROVIDE RELIABLE ENERGY SOLUTIONS



# Improved Ways to Serve You

*Our Service Delivery Time and Responsiveness Surged in 2022!*

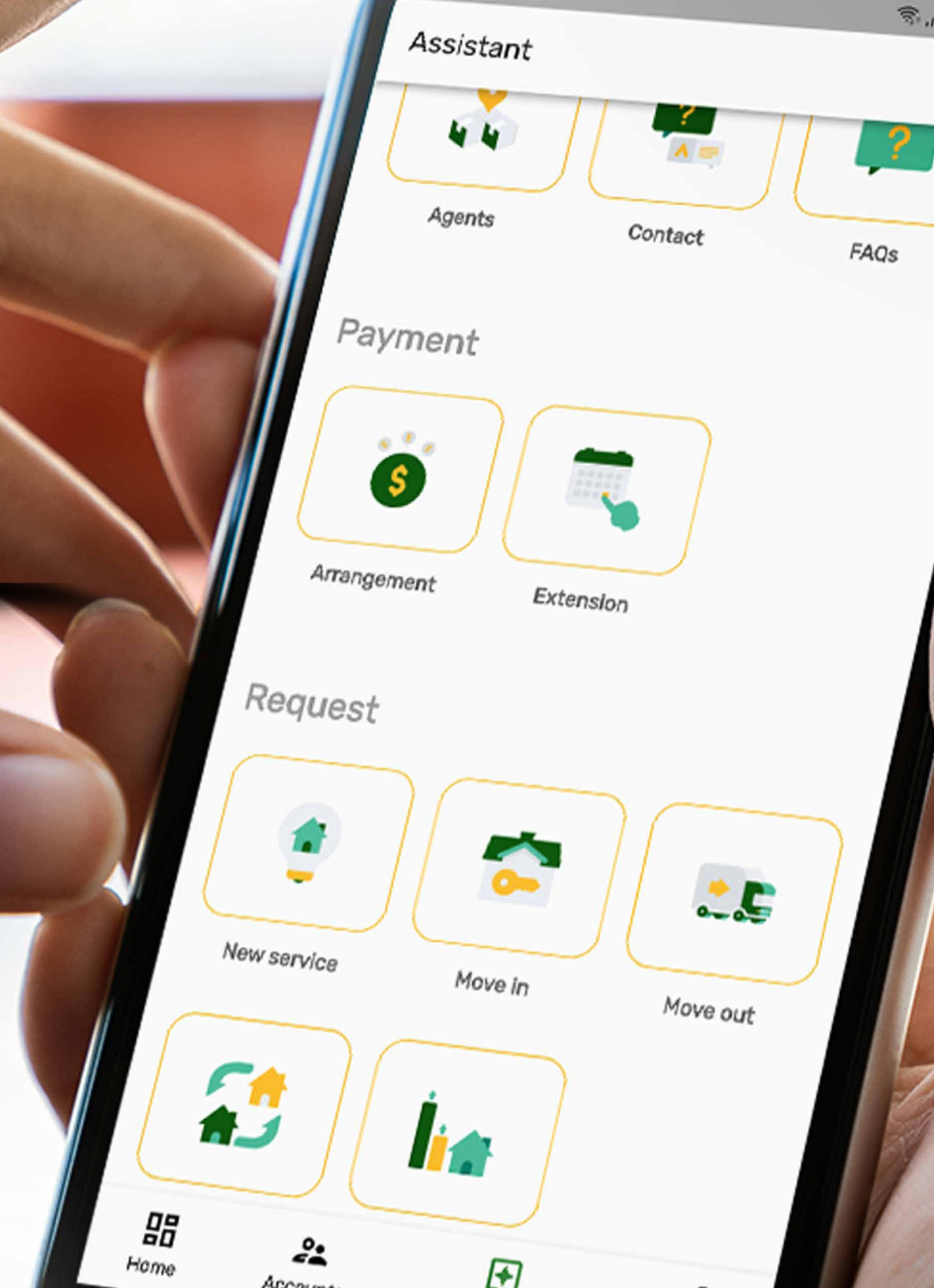
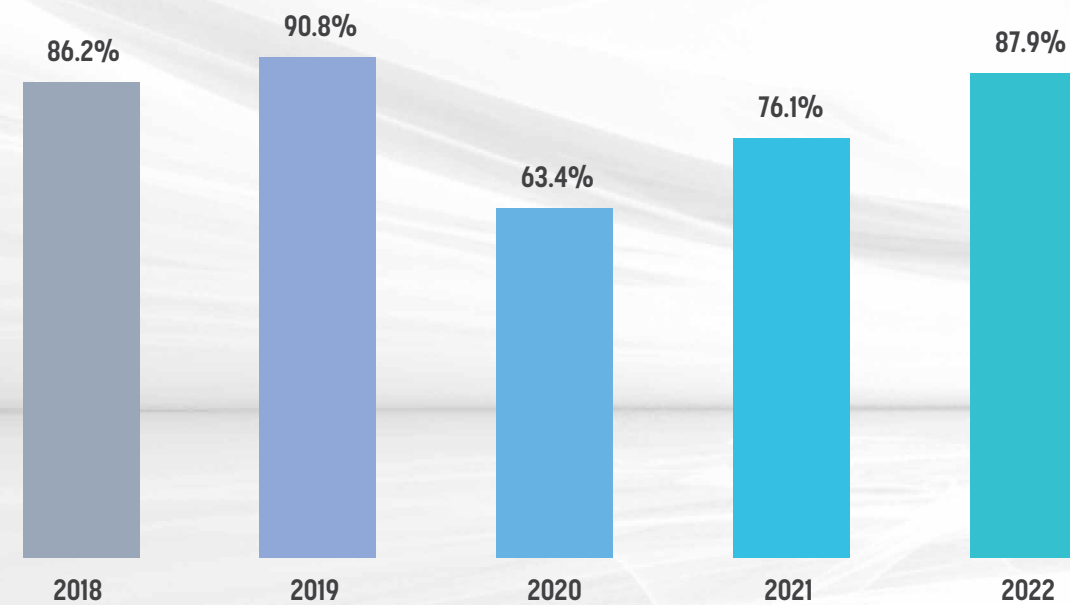
# 87.9%

**OF SERVICES DELIVERED WITHIN PROMISED TIMES**

New digital platforms, enhanced monitoring systems, and remote working arrangements rolled out during the pandemic underpinned a marked improvement in the Company's service delivery times and responsiveness to Customer requests to 87.9% in 2022 from 76.1% in 2021.

The Company continued its push to move Customers out of the line online to its increasingly popular BEL 24-7 app. Customers can use the app to make requests for services, receive their monthly bills, view their energy usage patterns and transaction history, report power outages, and make payment arrangements. Version 4.0 of the app will be rolled out in 2023 with new and improved features, including: seamless online payments, issuing of payment receipts, integration with Whatsapp, and further enhancements to service requests.

Service Delivery Index



# Placing Priority on Grid Reliability

*Customers enjoyed the Highest Level of Reliability on Record*

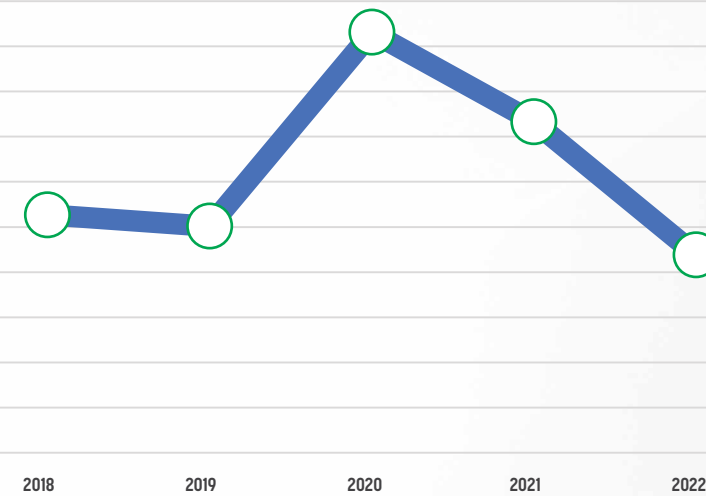
# 35.8%

## DECREASE IN OUTAGES COMPARED TO 2021

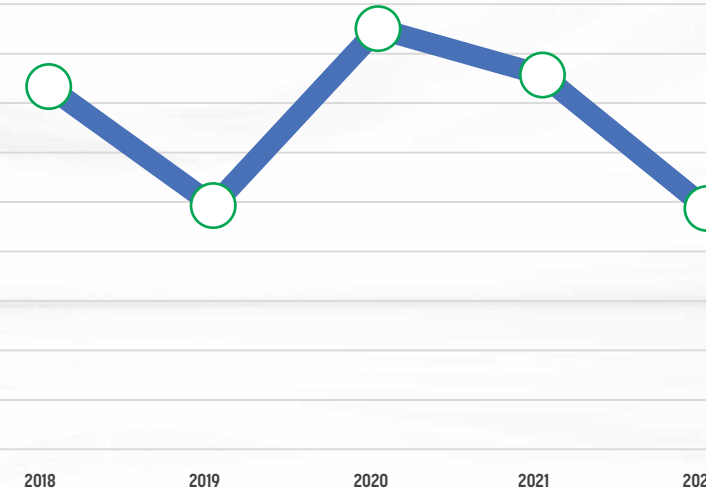
The reliability of electricity supply in 2022, measured in term of the frequency and duration of unplanned outages to Customers excluding Hurricane impacts and Generation supply loss, was the best on record. Both the frequency and the duration of these unplanned outages reduced by over 31% compared to the previous five years. This record achievement was made possible through closer coordination between teams for maintenance and system upgrades and improved and timely vegetation management.

Our Power Line Technicians and support crews were able to restore service to 95% of affected Customers within 4 days in the aftermath of Hurricane Lisa, which struck Belize City and the central portion of the country on November 2. Despite having to working for long hours amongst hanging lines and debris, there was not a single case of injury to any of our employees.

Average Duration (Hours) of Outages per Customer



Average Number of Outages per Customer



# Powering the Future

*Our Grid is about to Get Smarter*

## **COUNTRYWIDE AUTOMATED METERING INFRASTRUCTURE (AMI) ROLLOUT**

100,000 meters will be replaced countrywide with smart meters capable of two-way communication, along with the implementation of the associated communication network and data management systems, over five years as part of BEL's AMI rollout plan.

AMI is an integral part of BEL's strategy to modernize its distribution grid and convert to a SMART GRID. The entire project is estimated to cost \$36.3 M. AMI is particularly suited for serving a geographically dispersed customer base and will provide numerous benefits to BEL and its Customers, including: improvements in managing and responding to outages, remote monitoring of voltage and power quality at customers' locations, remote meter reading and better revenue protection. AMI will also facilitate the introduction of rooftop PV and other distributed resources, demand response and home automation systems, pre-paid metering, and time-of-use tariffs.



# UTILIZING TECHNOLOGY DRONES INSPECTING POWER LINES



Drones have the potential to revolutionize powerline inspection by offering a safer, faster, and more cost-effective alternative to traditional inspection methods. With their advanced imaging capabilities and ability to fly at various heights and angles, drones can easily detect and capture detailed images of power lines and other equipment, enabling engineers to quickly identify any defects or issues that require attention.

**TOUR OUR NATIONAL ENERGY SUPPLY & TRANSMISSION SYSTEM**

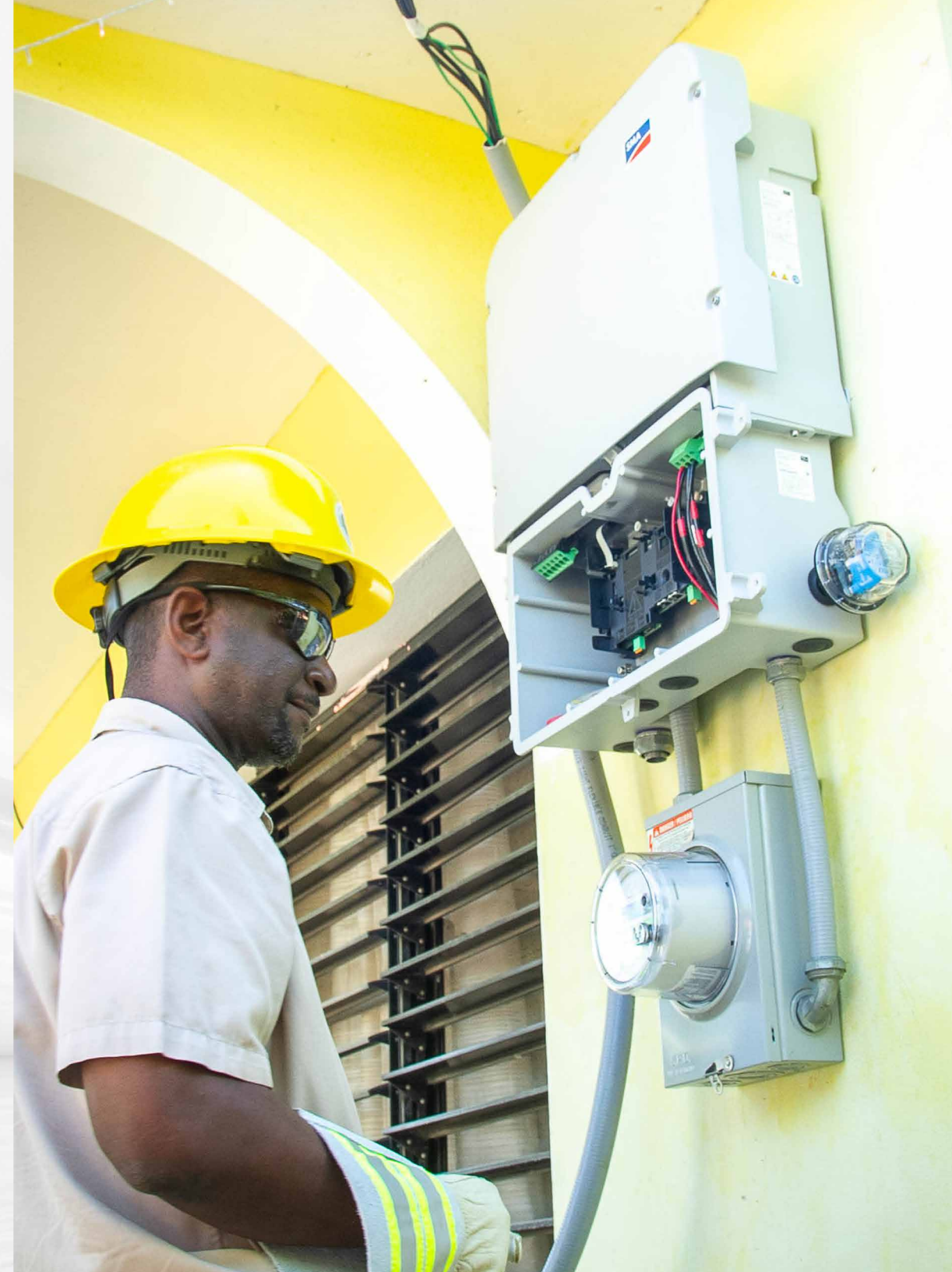
# Implementing the framework for Solar PV

*Customers expect BEL to play a leading role in the Emerging Solar PV Industry*

## **BEL HAS RECOMMENDED NEW INTERCONNECTION STANDARDS AND A NEW RATE STRUCTURE**

Distributed Energy Resources (DER), primarily in the form of Rooftop Solar PV, represents an opportunity for our Customers to lower their costs, reduce their carbon footprint, improve reliability of their supply, and gain more control over supplying their own energy needs. DER can also help BEL to serve Customers in remote areas not currently connected to the grid and bolster in-country energy reserves. Importantly, it can help to increase the proportion of green energy in the supply mix and so foster BEL's and Belize's image as a sustainability leader in the region and the world.

Market surveys conducted by BEL have confirmed that a large majority of Customers are enthusiastic about Solar PV for its economic and environmental benefits, and they expect BEL to play a leading role in the development of this emerging industry segment. To help to foster this emerging industry segment, BEL has made recommendations to the PUC for the introduction of new DER interconnection standards that meet industry safety standards and a new two-part rate structure for DER customers that includes a demand charge to recover the cost of the backup capacity/reliability services that flow from the grid.



# THE FUTURE OF WORK



## The Modern Work Paradigm: Embracing the Hybrid Revolution!

In response to the onset of COVID-19 in the first quarter 2020, BEL implemented “work-from-home” (“WFH”) arrangements for staff capable of executing their jobs remotely to minimize the risk of co-workers infecting each other and to support national efforts to contain the spread of the virus. From 2020 through to 2022, over 50% of our staff moved to working remotely full-time or on rotation.

While these arrangements were a direct response to the onset of the Covid-19 crisis, they reflect an early strategic decision by the Company to embrace and learn from the experience and to adopt Hybrid work as a new paradigm for BEL to offer a unique blend of flexibility, collaboration, and productivity and to foster innovation, agility, and employee well-being. Specifically, as amply exemplified during Hurricane Lisa, the hybrid work experience helped BEL to improve our overall emergency response capability and to re-engineer our operations and build organizational competencies for greater resiliency in times of disasters.



**Delmar Lanza**  
Corporate Communications Officer

“When the COVID-19 pandemic hit I had recently become a new father, I was genuinely fearful for my child’s safety. However, our company swiftly recognized the potential risks and granted us the opportunity to work from home. As the situation improved, the company wholeheartedly embraced this new approach. It not only allowed me to spend valuable time with my babies, but also ensured that I could continue performing my job effectively. This considerate shift in our work dynamic truly reflects the company’s genuine care for its employees, and I am grateful to be a part of it.”



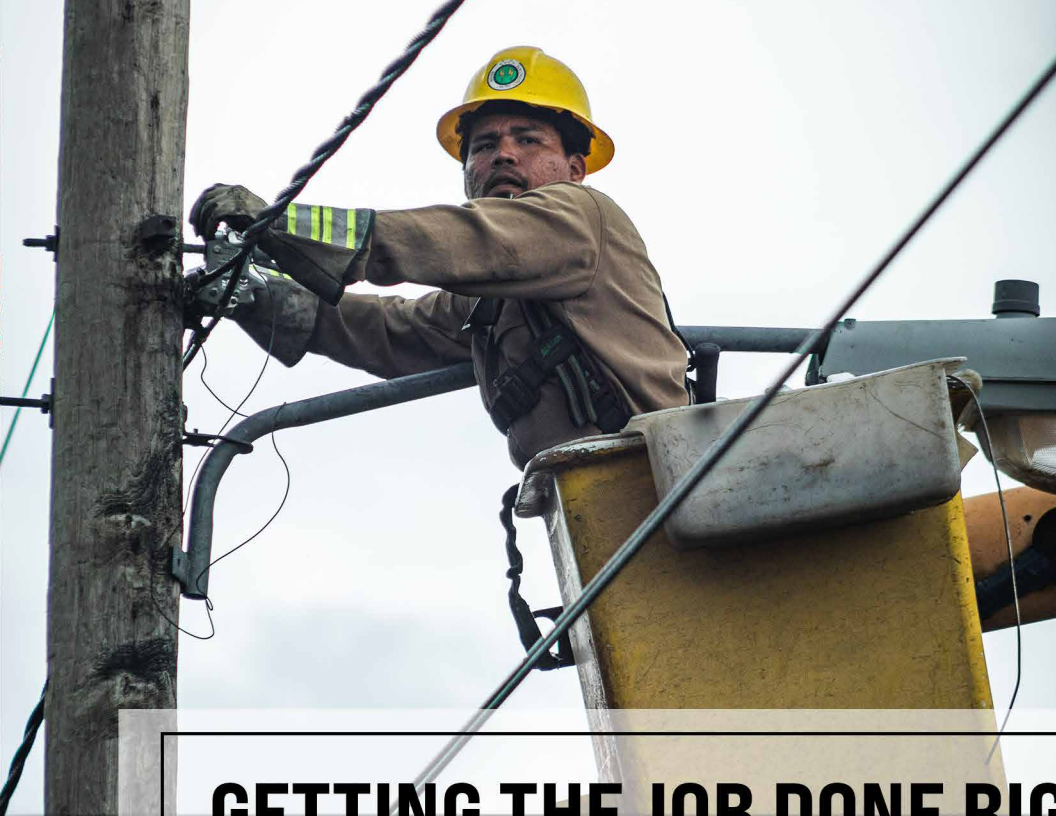
# A Culture of Work and Engagement built around Safety First

*ZERO Power Line Work Injuries in 2022*

# 98%

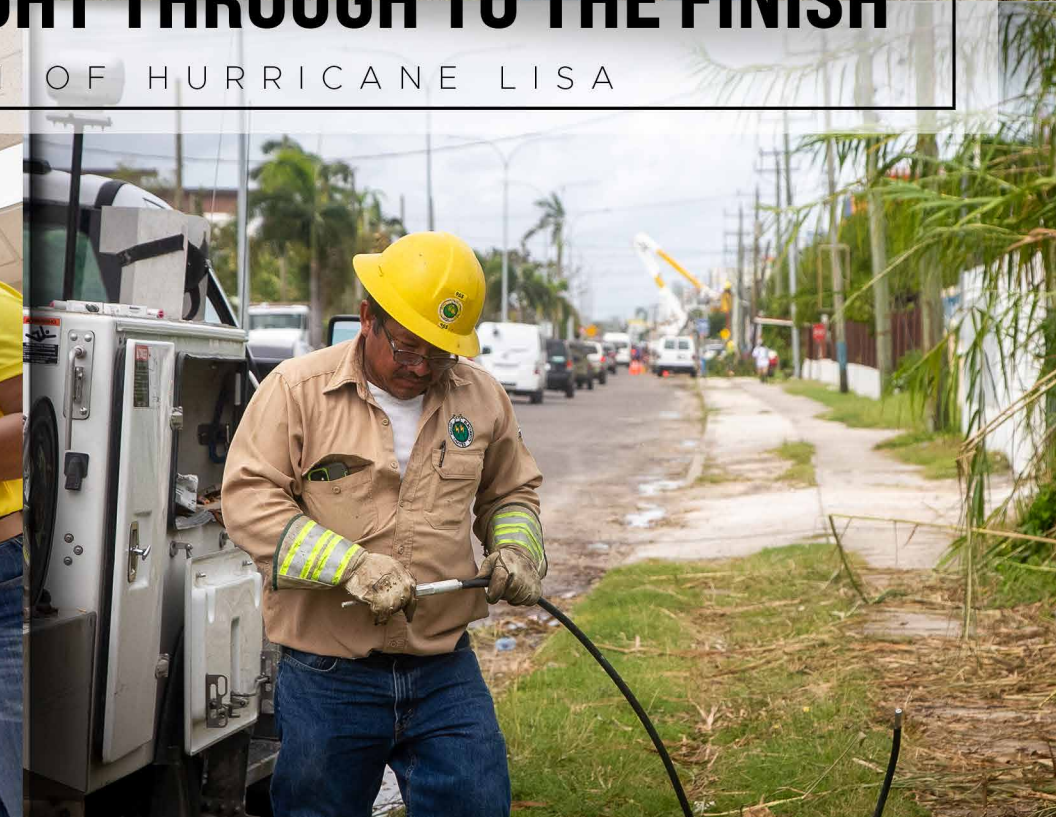
**COMPLETION OF SAFETY ACTION PLAN**

The Company celebrated its annual Safety and Health Week in September 2022, under the theme "Every life counts! Be responsible. Be Alert. Buckle up. Obey safety rules." This was in direct response to several vehicle accidents that had occurred during the first half of the year. However, a renewed focus on ensuring that Safety action plans were being executed and Safety rules being adhered to resulted in no recordable accidents nor workplace incidents during the last four months of the year. This was a remarkable achievement considering that many of our Power Line Technicians and field crews worked for extremely long hours each day amongst damaged structures and debris during the restoration effort following the passage of Hurricane Lisa through Belize and Cayo Districts on November 2, 2022.



**GETTING THE JOB DONE RIGHT THROUGH TO THE FINISH**

IN THE AFTERMATH OF HURRICANE LISA







# Outlook

Belize's real GDP growth was 12.1% in 2022 and is projected to average 2% over the medium term as tourism returns to pre-pandemic levels. Energy consumption is a key indicator of economic development, crucial for improving living standards, providing essential services, and powering commercial and industrial sectors. Energy sales have rebounded strongly, with a 4.0% increase in 2021 and 7.3% increase in 2022 after an 8.3% decline in 2020 due to pandemic restrictions. BEL's sales growth is expected to remain robust, increasing by 4% to 6% on average over the medium term, driven by societal adaptation to global trends such as distributed generation, electric vehicles, and wholesale energy sale agreements.

Consumer attitudes towards energy are evolving, with a focus on innovative solutions for monitoring usage and reducing costs. Energy utilities face increasing pressure to meet growing demand while improving reliability, efficiency, and reducing system failures and carbon emissions. BEL must implement new services to align with the evolution of energy solutions and to support the clean energy transition. Consumers are increasingly concerned about their carbon footprint and demanding that the energy they consume is 'cleaner' and more renewable and that they are given greater choice and control over how they consume energy. The Government and Tourism Industry players, especially resorts, who cater to visitors from developed countries are already proactively responding to the "green energy" trend and making a case to market Belize as a "green country". Several startups have started offering green energy solutions in the form of rooftop solar PV (distributed generation); and various major solar PV projects are already in the works or being planned by several commercial enterprises and even large residential consumers for rollout within the immediate future. This presents BEL with an opportunity to play a pivotal role in building a modern energy services infrastructure to underpin Belize's growth and development into the future.

BEL's greatest opportunity for market growth over the long term lies with the emerging market for electric ground transportation. Globally, the private sector, notably large vehicle manufacturers, have signalled their intent to discontinue the production of internal combustion engine vehicles in favour of electric vehicles. Research and investigation into the Total Cost of Ownership/Operation (TCO) of conventional internal combustion engine (ICE) based transportation versus electric vehicles (EVs) have consistently confirmed that there are significant savings to be made from making the switch to EVs. The business case(s) is expected to improve even further as capital costs for EVs, though still higher than ICE vehicles, continue to decrease rapidly, removing a significant barrier to their adoption. EVs are projected to represent 8.7% of the total electricity consumption by the end of 2042 under normal adoption rate projections, and potentially as high as 17.5% depending on the infrastructure and incentives in place to allow and encourage switching from conventional gasoline and diesel vehicles.

BEL has started with the roll-out of a national EV charging network and will work with the Government and other strategic partners to build a policy framework and broader ecosystem to facilitate the timely growth of this market.

# FINANCIAL & OPERATING STATISTICS



	2022	2021	2020	2019	2018	2017	2016	2015-2011 Average
<b>FINANCIAL STATISTICS</b>								
(Belize thousands of dollars except as noted)								
Energy Revenues	241,108	228,540	227,597	247,657	215,141	207,227	197,001	208,698
Net Profit (Loss)	15,129	34,010	46,662	3,089	(4,371)	17,773	27,292	13,397
Dividends Paid	13,805	27,609	6,902	-	13,805	20,017	27,859	5,355
Net Fixed Assets	596,359	544,211	523,388	507,506	473,793	464,612	450,599	434,646
Capital Expenditures	77,159	44,157	40,085	39,546	30,604	33,558	38,898	22,821
Total Assets	727,590	643,277	668,452	590,292	546,157	554,966	545,811	499,088
Capital Contribution	49,474	48,772	50,740	51,471	51,398	50,199	49,856	40,174
Long Term Debt (including Lease Liability)	26,671	28,487	27,720	26,052	9,993	10,531	2,564	4,008
Debentures	187,735	97,735	122,735	87,700	77,500	77,500	77,500	75,656
Shareholders' Equity (excluding Contributed Capital)	388,658	387,119	380,718	340,959	337,869	359,419	361,663	326,175
<b>Financial Indicators</b>								
Rate of Return on Net Fixed Assets	4.0%	8.3%	11.3%	1.8%	-0.2%	5.0%	7.5%	4.9%
Rate of Return on Investment <sup>1</sup>	11%	25%	34%	2%	-3%	13%	20%	9.7%
Rate of Return on Shareholders' Equity	3.9%	8.9%	12.9%	0.9%	-1.3%	4.9%	7.5%	4.0%
Earnings/Loss (\$ per share)	0.22	0.49	0.68	0.04	(0.06)	0.26	0.40	0.20
Dividends Declared for Years Ended (\$ per share)		0.20	0.20	0.20	0.10	0.20	0.54	0.09
Book Value per Share (BVPS)	5.63	5.61	5.52	4.94	4.90	5.21	5.24	4.73
Gearing Ratio <sup>2</sup>	42%	33%	36%	34%	31%	29%	28%	29%
<b>OPERATING STATISTICS</b>								
<b>Reliability of the Transmission &amp; Distribution System</b>								
Average duration of power outages - SAIDI	12.07	15.14	17.89	15.07	12.01	13.12	19.3	20.7
Average number of power outages - SAIFI	7.55	11.75	11.09	7.47	9.93	11.54	13.2	14.7
<b>System Outages due to IPPs, Hurricane &amp; Vandalism</b>								
Average duration of power outages - SAIDI	15.65	1.86	0.58	1.78	2.17	1.11	24.42	2.6
Average number of power outages - SAIFI	3.85	2.90	1.21	3.80	3.85	4.3	6.6	4.5
<b>Sales (MWh)</b>								
Commercial	299,249	265,033	249,848	305,646	289,712	286,664	281,892	214,836
Industrial	37,855	18,742	19,511	19,527	20,836	30,466	32,567	38,742
Residential	239,852	252,092	245,265	239,192	218,989	209,180	199,843	201,629
Street Lighting	24,858	24,926	24,645	23,986	24,896	26,168	26,619	25,427
<b>Total</b>	<b>601,815</b>	<b>560,793</b>	<b>539,269</b>	<b>588,351</b>	<b>554,434</b>	<b>552,478</b>	<b>540,921</b>	<b>480,635</b>
<b>Mean Electricity Rates (MER) \$/kWh</b>	<b>0.4006</b>	<b>0.4075</b>	<b>0.4220</b>	<b>0.4209</b>	<b>0.3880</b>	<b>0.3751</b>	<b>0.3642</b>	<b>0.4342</b>
<b>Customer Accounts (numbers)</b>								
Industrial, Commercial & Street Lighting	22,603	18,028	17,901	18,076	18,266	18,210	18,003	13,804
Residential	85,986	89,264	85,921	82,895	79,448	76,255	72,632	68,742
<b>Total</b>	<b>108,589</b>	<b>107,292</b>	<b>103,822</b>	<b>100,971</b>	<b>97,714</b>	<b>94,465</b>	<b>90,635</b>	<b>82,546</b>
Number of Customer Accounts per Employees	316	334	331	324	311	299	291	290
<b>Net Generation (MWh)</b>								
Net Diesel Generation	14,226	10,858	8,943	33,173	16,848	15,514	14,354	10,954
Purchased Power - BECOL	225,329	146,936	228,514	64,614	232,480	267,650	247,012	229,065
Purchased Power - Hydro Maya	13,437	10,390	13,473	9,954	15,131	14,509	13,491	11,651
Purchased Power - BAL/BAPCOL	14,310	39,551	10,612	85,147	37,051	19,436	17,497	3,855
Purchased Power - Belcogen	59,027	24,426	47,195	68,533	71,897	63,939	78,886	66,723
Purchased Power - CFE	323,311	380,195	270,239	383,726	235,155	230,138	243,429	226,111
Purchased Power - SS	34,754	33,082	34,137	23,387	21,937	18,401		
JICA	470	595	568	650	593	573		374
PSF	454							
<b>Total</b>	<b>685,318</b>	<b>646,034</b>	<b>613,681</b>	<b>669,185</b>	<b>631,093</b>	<b>630,159</b>	<b>614,669</b>	<b>548,733</b>
<b>Other</b>								
Total System Losses	11.9%	12.8%	11.8%	11.7%	11.9%	12.0%	11.6%	12.2%
Peak Demand (MW)	110.3	103.5	102.7	105.6	104.2	104.5	96.0	85.9
Number of Employees	344	321	314	312	314	316	311	285

## Belize Electricity Limited

Financial Statements for the years ended December 31, 2022 and 2021  
Independent Auditors' Report

Certain comparative figures may have been reclassified to confirm with the current year's presentation.  
<sup>1</sup>Return on Investment: Net profit(loss) divided by the total par value of the common shares outstanding.  
<sup>2</sup>Gearing Ratio: The ratio of debt to capital.

## BELIZE ELECTRICITY LIMITED

### TABLE OF CONTENTS

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	Page (s)
Independent auditors' report	1 - 3
Financial Statements for the years ended December 31, 2022 and 2021	
Statements of financial position	4
Statements of profit and other comprehensive income	5
Statements of changes in equity	6
Statements of cash flow	7
Notes to the financial statements	8 - 38

### INDEPENDENT AUDITORS' REPORT

#### To the Board of Directors and Shareholders of: Belize Electricity Limited

#### Opinion

We have audited the accompanying financial statements of Belize Electricity Limited, (BEL) which comprise the statement of financial position as at December 31, 2022, and the statement of profit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Belize Electricity Limited as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Other Matter

The financial statements for the year ended December 31, 2021 was audited by a predecessor auditor who expressed an unmodified opinion dated May 12, 2022.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Belize Electricity Limited in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing BEL's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate BEL or to cease operations or has no realistic alternative but to do so.

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Those charged with governance and management, are responsible for overseeing BEL's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause BEL to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of BEL to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**Chartered Accountants  
Belize City, Belize  
April 27, 2023**




## Belize Electricity Limited

### STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

Assets	Notes	2022	2021
<b>Current assets:</b>			
Cash and cash equivalents	2g, 2f	\$ 48,961	\$ 25,118
Short term investments	2h, 2f	5,000	5,000
Trade receivables	2i, 3, 2f, 29	22,826	32,127
Other receivables	2i, 2f	2,605	2,236
Prepayments	2j	5,919	4,221
Materials and supplies	2k, 2n, 4	44,987	29,135
<b>Total current assets</b>		<b>130,298</b>	<b>97,837</b>
<b>Non-current assets:</b>			
Property, plant and equipment	2l, 2n, 5	595,471	544,211
Intangible assets	2m, 2n, 6	1,821	1,229
<b>Total non-current assets</b>		<b>597,292</b>	<b>545,440</b>
<b>Total Assets</b>		<b>\$ 727,590</b>	<b>\$ 643,277</b>
<b>Liabilities and Equity</b>			
<b>Current Liabilities:</b>			
Trade and other payables	2p, x, 7, 2f, 29	\$ 47,276	\$ 57,296
Current portion of long term debt	2r, 10, 29	2,278	2,097
Current portion of lease liability	2y, 11, 29	757	742
Taxes payable	2q, 9, 2f, 29	2,443	2,104
<b>Total current liabilities</b>		<b>52,754</b>	<b>62,239</b>
<b>Non-current liabilities:</b>			
Capital contributions	16	49,474	48,772
Deferred grant contribution	8, 2f, 29	9,873	6,834
Long term debt	2r, 10, 2f, 29	13,143	14,202
Lease liability	2y, 11, 2f, 29	13,528	14,285
Debentures	12, 2f, 29	187,735	97,735
Consumer deposits	13, 29	12,426	12,091
<b>Total non-current liabilities</b>		<b>286,179</b>	<b>193,919</b>
<b>Total liabilities</b>		<b>338,933</b>	<b>256,158</b>
<b>Equity:</b>			
Share capital	2w, 14	138,046	138,046
Additional paid in capital	15	5,741	5,741
Insurance reserve	17	5,000	5,000
Revaluation reserve	5	5,112	5,112
Retained earnings		234,758	233,220
<b>Total equity</b>		<b>388,657</b>	<b>387,119</b>
<b>Total Liabilities and Equity</b>		<b>\$ 727,590</b>	<b>\$ 643,277</b>

The financial statements on pages 4 to 7 were approved and authorized for issue by the Board of Directors on April 27, 2023, and are signed on its behalf by:

  
 \_\_\_\_\_ Chairman  
  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Chief Executive Officer

The notes on pages 8 – 38 form an integral part of these financial statements.

## Belize Electricity Limited

### STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

	Notes	2022	2021
<b>Revenues</b>			
	2s, 18	\$ 241,108	\$ 228,540
<b>Cost of power</b>	2u, 19	<b>(162,683)</b>	<b>(135,893)</b>
Gross profit		78,425	92,647
<b>Other income</b>			
	20	8,284	7,305
<b>Operating expenses</b>	2v, 21	<b>(61,433)</b>	<b>(55,744)</b>
<b>Profit before interest income, interest expenses and taxes</b>		<b>25,276</b>	<b>44,208</b>
<b>Interest income</b>			
	2s	124	126
<b>Interest expense</b>	2v, 22	<b>(5,773)</b>	<b>(6,262)</b>
<b>Net interest expense</b>		<b>(5,649)</b>	<b>(6,136)</b>
<b>Profit before business tax</b>		<b>19,627</b>	<b>38,072</b>
<b>Business tax</b>	2q, 23	<b>(4,285)</b>	<b>(4,062)</b>
<b>Profit for the year from continuing operations</b>		<b>15,342</b>	<b>34,010</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>\$ 15,342</b>	<b>\$ 34,010</b>
<b>Earnings per share (expressed in \$ per share)</b>			
24			
Total earnings per share attributable to ordinary equity holders:			
Basic		\$ 0.22	\$ 0.49
Diluted		\$ 0.22	\$ 0.49

The notes on pages 8 – 38 form an integral part of these financial statements.

**Belize Electricity Limited**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(in thousands of Belize dollars)

	Share capital	Additional paid in capital	Insurance reserve	Revaluation reserve	Retained earnings	Total
<b>Balance, January 1, 2022</b>	\$ 138,046	\$ 5,741	\$ 5,000	\$ 5,112	\$ 233,220	\$ 387,119
<i>Comprehensive income:</i>						
Profit for the year	-	-	-	-	15,342	15,342
Total comprehensive income for the year	138,046	5,741	5,000	5,112	248,562	402,461
<i>Transactions with owners of the Company recognized directly in equity:</i>						
Dividends declared and paid (Notes 2x, 25)	-	-	-	-	(13,804)	(13,804)
Total transactions with owners	-	-	-	-	(13,804)	(13,804)
<b>Balance, December 31, 2022</b>	\$ 138,046	\$ 5,741	\$ 5,000	\$ 5,112	\$ 234,758	\$ 388,657
<b>Balance, January 1, 2021</b>	\$ 138,046	\$ 5,741	\$ 5,000	\$ 5,112	\$ 226,819	\$ 380,718
<i>Comprehensive income:</i>						
Profit for the year	-	-	-	-	34,010	34,010
Total comprehensive income for the year	-	-	-	-	34,010	34,010
<i>Transactions with owners of the Company recognized directly in equity:</i>						
Dividends declared and paid (Notes 2x, 25)	-	-	-	-	(27,609)	(27,609)
Total transactions with owners	-	-	-	-	(27,609)	(27,609)
<b>Balance, December 31, 2021</b>	138,046	5,741	5,000	5,112	233,220	387,119

Page | 6

**Belize Electricity Limited**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(in thousands of Belize dollars)

	Notes	2022	2021
<b>Cash flow provided from Operating activities</b>			
Profit for the year	\$	15,342	\$ 34,010
Adjustments for:			
Amortization of intangible assets		296	913
Depreciation		24,018	22,878
(Gain) Loss on disposal of assets		(18)	100
Remeasurement of credit loss	21	515	1,497
Obsolescence expense		(1,868)	(1,348)
Amortization of capital contribution		(1,757)	(1,479)
Business tax		4,285	4,062
Interest expense		5,773	6,262
Changes in items of working capital:			
Trade and other receivables		6,613	(7,989)
Materials and supplies		(13,984)	1,627
Trade and other payables		(9,291)	(6,415)
		29,924	54,118
Business tax paid		(4,245)	(4,051)
Interest paid		(6,203)	(6,278)
<b>Net cash generated from operating activities</b>		<u>19,476</u>	<u>43,789</u>
<b>Cash flow provided from Investing activities</b>			
Purchase of property, plant and equipment	5	(77,159)	(44,157)
Proceeds from sale of property, plant and equipment		1,011	42
<b>Net cash used in investing activities</b>		<u>(76,148)</u>	<u>(44,115)</u>
<b>Cash flow provided from Financing activities</b>			
Proceeds from long term debt		1,331	3,655
Proceeds from debenture issue	12	90,000	-
Proceeds received from Grant	8	3,039	-
Debentures Redeemed	12	-	(25,000)
Payment on long-term debt		(2,209)	(1,682)
Payment on lease liability		(742)	(727)
Dividends paid	25	(13,698)	(27,609)
Consumer deposits		335	567
Capital contributions	16	2,459	(489)
<b>Net cash generated from (used in) financing activities</b>		<u>80,515</u>	<u>(51,285)</u>
<b>Net increase in cash and cash equivalents</b>		23,843	(51,611)
Cash and cash equivalents, January 1		25,118	76,729
Cash and cash equivalents, December 31		<u>\$ 48,961</u>	<u>\$ 25,118</u>

The notes on pages 8 – 38 form an integral part of these financial statements.

Page | 7

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 1. GENERAL INFORMATION

Belize Electricity Limited (“the Company”) generates and supplies electricity to consumers throughout the country of Belize. The Company is a public limited liability company incorporated and domiciled in Belize. The address of its registered office is 2.5 miles Philip Goldson Highway, Belize City, Belize.

The Company was a majority-owned subsidiary of Fortis Inc. of Canada until June 20, 2011, when the Government of Belize acquired the majority shares from Fortis Inc. via Statutory Instrument No. 67 of 2011 as provided by the Electricity (Amendment) Act No. 4 of 2011 of the Substantive Laws of Belize (revised edition 2020). In September 2015, as part of the settlement, the Government of Belize and Fortis Inc. by way of Statutory Instrument No. 12 of 2015 settled in part with shares totaling 33.3% shareholding in the Company, making Fortis Inc. one of the major shareholders. After the settlement, the Government of Belize and the Social Security Board combined own majority shares totaling 63.8% shareholding in the Company. There are also some 1,500 minority shareholders.

#### Regulation

The Electricity Act, Chapter 221 and Statutory Instrument No. 145 of 2005, Electricity (Tariffs, Fees, and Charges) Byelaws 2005 of the Laws of Belize regulates and makes provision for electricity services in Belize and provides specific powers to the Public Utilities Commission (PUC) to enforce specific regulations in respect to tariffs, charges, and quality of service standards. The Statutory Instrument governs the tariffs, rates, charges, and fees for the transmission and supply of electricity and for existing and new services to be charged by the Company to consumers in Belize and the mechanisms, formulas, and procedures whereby such tariffs, rates, charges, and fees are calculated and determined. The PUC is authorized under the Public Utilities Commission Act to act as the regulator of utilities in Belize. The primary duty of the PUC is to ensure that the services rendered by the Company are satisfactory and that the charges imposed in respect of those services are fair and reasonable. The PUC has the power to set the rates that may be charged in respect of utility services and the standards that must be maintained with such services. Also, the PUC is responsible for the award of licenses, monitoring, and enforcing compliance with license conditions. The Company’s 15-year license expired in 2015 and was automatically renewed for another 10 years and will expire in 2025.

The Company undergoes Full Tariff Review Proceedings, every four years, as well as Annual Tariff Review Proceedings. These tariff review proceedings determine the Mean Electricity Rate (MER), Tariff, and Fees based on three cost components comprising BEL’s Revenue Requirement. The first component is the cost of power (“COP”) which includes the capacity cost and variable cost of generation based on the latest forecasts and assumptions at the time of review. The second component of the electricity cost is the Value Added of Delivery (“VAD”); the VAD component allows the Company to recover its operating expenses, taxes, and depreciation, and provides for a rate of return on the regulated asset base in the range of 8 percent to 12 percent.

The third component is rate adjustments based on corrections for differences between the PUC Approved Tariff Basket Revenue (BEL Revenue Requirement) and the realized Tariff Basket Revenue (actual revenue collected by BEL based on audited financials). As of December 31, 2022, there was an estimated variance (regulatory account balance) in favour of BEL of \$40.2 million (2020 - \$35.5 million).

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

##### a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

##### b. Basis of presentation

The financial statements have been prepared under the historical cost convention, except for the following:

- property, plant and equipment acquired before 2013 - measured at revalued amounts, and
- intangibles - measured at amortized cost.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

##### c. Foreign currency translation

###### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The Company’s functional and presentation currency is Belize dollars. The official exchange rate for the Belize dollar is fixed at BZ\$2.00 to US\$1.00.

###### (ii) Transactions and balances

Foreign currency transactions are converted into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions are recognized in the statement of comprehensive income in “(Loss) / Gain on foreign exchange (net)”.

Foreign currency balances at year-end are translated into Belize dollars at the closing rates at the date of the statement of financial position.

##### d. Significant accounting judgments and estimates

The preparation of the financial statements in conformity with IFRSs requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates.

Estimates and judgments are continually evaluated, based on historical experience and other factors, including future expectations. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed as follows:

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### d. Significant accounting judgments and estimates (continued)

###### *The most significant use of judgments*

In determining the useful life of an asset, Management considers the expected usage, expected wear and tear, and technical or commercial obsolescence of the asset. The residual value represents the best estimate of the amount the Company would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The estimate for obsolete inventories is based on an evaluation of slow-moving items, particularly inventories that have not moved in line with their useful life.

For judgments and estimates determining the allowance for impairment losses for trade receivables, see Note 2 (i).

The Company applies judgment in determining whether a contract is (or contains) a lease and in estimating the rate implicit in the lease. In terms of leases, Management is guided by the principles in IFRS 16 Leases, see Note 2 (y).

##### e. Change in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year except that the Company has adopted the following standards, amendments, and interpretations as follows:

The following standards, amendments, and annual improvements are now effective and have been adopted.

Standards/Amendments	Pronouncement	When effective	Response
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	Effective for annual reporting periods beginning on or after 1 January 2022	The amendment was adopted, but has no current impact on the financial statements.
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	Effective for annual reporting periods beginning on or after 1 January 2022	The amendment was adopted, but has no current impact on the financial statements.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### e. Change in accounting policies (continued)

Annual Improvement	Pronouncement	When effective	Response
IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.	Effective for annual reporting periods beginning on or after 1 January 2022	The amendment was adopted but has no current impact on the financial statements.
IFRS 9 Financial Instruments	The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.	Effective for annual reporting periods beginning on or after 1 January 2022	The amendment was adopted but has no current impact on the financial statements.
IFRS 16 Leases	The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	Effective for annual reporting periods beginning on or after 1 January 2022	The amendment was adopted but has no current impact on the financial statements.

The following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below.

Standards/Amendments	Pronouncement	When effective	Response
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.	Effective for annual reporting periods beginning on or after 1 January 2023	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.



## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### e. Change in accounting policies (continued)

The following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below.

Standards/ Amendments	Pronouncement	When effective	Response
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	Effective for annual reporting periods beginning on or after 1 January 2023	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	Effective for annual reporting periods beginning on or after 1 January 2023	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	Effective for annual reporting periods beginning on or after 1 January 2024	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.
Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	Effective for annual reporting periods beginning on or after 1 January 2024	The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### f. Financial instruments

Financial instruments – A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### *Classification and initial measurement of financial assets*

Except for trade receivables, which do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

##### *Subsequent measurement of financial assets*

##### *Financial assets at amortized cost*

Financial assets are measured at amortized cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these financial assets are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company’s financial assets are categorized in note 28.

##### *Impairment of financial assets*

The Company makes use of a simplified approach permitted by IFRS 9 in accounting for trade and other receivables as well as contract assets and records the loss allowance for the expected lifetime credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assesses the impairment of trade receivables collectively based on their shared credit risk characteristics.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### f. Financial instruments (continued)

###### *Classification and initial measurement of financial liabilities*

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

###### *Subsequent measurement of financial liabilities*

###### *Financial liabilities at amortized cost*

Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The Company's financial liabilities are categorized in note 28.

##### g. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

##### h. Short term investments

Short term investments represent term deposits held at the bank with maturity dates of 3 months to 1 year from the date of acquisition.

##### i. Trade and other receivables

Trade and other receivables represent amounts outstanding from customers for electricity charges, service and other fees and outstanding balances from non-routine transactions. Staff receivables include loans and advances made to BEL's employees.

##### j. Prepayments

Prepayments represent insurance, trade and vehicle licenses, property taxes and other costs paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is delivered.

##### k. Materials and supplies

Materials and supplies are stated at the lower of cost and net realizable value.

The cost of materials and supplies is determined on the First-in-First-out (FIFO) method during the current fiscal period.

The cost of materials and supplies comprise acquisition cost, insurance, freight, duties and all other costs incurred in placing the materials and supplies in the warehouse, ready for use. Net realizable value is the estimated selling price less applicable selling expenses.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### l. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

Land and assets under construction are not depreciated and are carried at cost or revalued amounts. At the end of each accounting period, assets under construction are assessed for completion. Assets placed in service during the period are transferred to its appropriate classification of property and equipment.

The major categories of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives which, for the major classes of assets, are as follows:

Buildings	20 - 40 years
Plant and equipment	5 - 40 years
Right of use assets	See note 2y

The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of assets are reviewed annually and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals of property, plant and equipment are determined by comparing sales proceeds with the carrying amount of assets and are recognized in the statement of comprehensive income.

During the construction or development stage of assets under construction, overhead costs and interest on loans specifically sourced to finance long-term construction and expansion projects are capitalized and included in the cost of the appropriate asset. Completed assets are transferred to property, plant and equipment at the end of the fiscal year.

The Company employs the revaluation model for its properties including buildings. The cost and accumulated depreciation accounts are restated proportionately with the revaluation. When a revaluation results in an increase in value, it is credited to other comprehensive income and accumulated in equity under the heading "revaluation reserve/surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it should be recognized in profit or loss. A decrease arising as a result of a revaluation should be recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### l. Property, plant and equipment (continued)

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through profit or loss.

##### m. Intangible assets

The Company's intangible assets are stated at cost less accumulated amortization and include transmission rights and acquired computer software with finite useful lives. These assets are capitalized and amortized on a straight-line basis in the statement of profit or loss throughout their expected useful lives as follows: Software costs are amortized over the estimated useful life of the software, five to ten years.

##### n. Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. To measure recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or 'CGUs'). Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by Management).

##### o. Employee benefits

###### (i) Post-employment benefits obligations:

Employees of the Company have entitlements under the Company's defined contribution pension plan. The pension plan is financially separate from the Company, is managed by a Board of Trustees and is funded by contributions from both employees and the Company.

The cost of the defined contribution pension plan is charged to expense as the contributions become payable.

While in pensionable service, each participant pays contributions at the rate of 4% per annum of their pensionable salary with the option to increase their contributions to a maximum of 10%, in increments of 1%. The Company matches the participant's contributions at the regular rate of 4% or at such higher rate as the member may have opted for, up to a maximum of 10%.

###### (ii) Termination benefits

The Company recognizes termination benefits in accordance with the labor laws of Belize, the Collective Bargaining Agreement (CBA) between the Company and the Belize Energy Workers Union (BEWU), and Company policy. Employees with at least three years or more of continuous employment are entitled to termination benefits in accordance with the BEL Pension Rules.

##### p. Trade and other payables

Trade payables represent amounts outstanding to vendors for goods and services obtained. Other payables include payroll liabilities, outstanding refunds and other short-term obligations incurred by the Company. Payables are measured at amortized cost.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### q. Business tax

The tax charge is calculated on the basis of the tax laws in effect as of the date of the statement of financial position. Management evaluates situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Taxes are based on monthly gross revenues and are payable within the following month.

##### r. Long-term debt

Long-term debts are recognized initially at the transaction price, that is, the present value of cash payable to the lender. Long-term debt is subsequently stated at amortized cost. Interest expense is recognized based on the effective interest method and is included in finance costs.

Interest expenses incurred on long-term debt to finance long-term construction or development projects are capitalized during the developmental phase.

##### s. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of electricity in the ordinary course of the Company's activities. Revenue is shown net of any tax, rebates and discounts.

The Company recognises revenue as the amount of the consideration to which the Company expects to be entitled in exchange for the transfer of goods or services to customers. This principle is applied in accordance with the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

(i) Sales of electricity: The Company measures revenues as kilowatt-hours delivered to customers via the billing of energy sales based on monthly customer meter readings multiplied by the price per kilowatt-hour determined from the applicable tariff schedule authorized by the PUC.

(ii) Interest income: Interest income is recognized using the effective interest method.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### t. Grants

Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

##### *Deferral and presentation of grants*

Grants relating to costs are deferred and recognized in profit or loss as deductions from the related expenses over the period necessary to match them with the costs that they are intended to compensate. Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

##### u. Cost of power

Cost of power includes the cost of power purchased from the Company's suppliers of power, principally: Comisión Federal De Electricidad (CFE from Mexico); the hydroelectric power plants owned and operated by Fortis Belize Limited (FBL) (formerly the Belize Electric Company Limited (BECOL)) – a Fortis Inc. owned Company; biomass-based co-generation electric power plants, owned and operated by Belize Co-Generation Energy Limited (Belcogen) and Santander Sugar Energy Ltd (SSEL); and power generated from the Company's own diesel-generated power plant facilities. Cost of power is recognized in the period incurred as the energy is received by the Company.

##### v. Interest expense and operating expenses

Interest expenses and operating expenses are recognized in the period incurred. Interest expenses are stated net of capitalized interest.

##### w. Share capital

Ordinary shares and convertible redeemable preference shares are classified as equity.

Equity instruments are measured at the nominal value of the share and any excess of the fair value of the cash or other resources received or receivable over the nominal value is recognized as equity in a share premium or additional paid-in capital account.

##### x. Dividends

Dividend to the Company's shareholders is determined by the Board of Directors on the advice of Management in accordance with the Company's dividend policy which is to maintain a target dividend yield on the original investment in respect of each financial year (expressed as a percentage of original share par-value) that is not less than the higher of the net interest rate payable on the Company's most recent debenture issue and the coupon rate of the most recent issue of the Government of Belize's 10 year treasury notes, but subject always to the Company's overriding cash flow needs to ensure safe and reliable operation of its business, to fund its capital investment programs in accordance with its business plans, and to maintain adequate cash buffers against the cost of power variability.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### x. Dividends (continued)

Dividend to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared by the Company's Board of Directors until such time as it is paid out.

##### y. Lease

The Company distinguishes between capital and operating leases. Capital leases are capitalized as a right of use asset and measured at the net present value of the total amount of the stream of cash payments payable under the leasing agreement (excluding finance charges and appropriate sales taxes). Right of use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease payments are discounted using the interest rate implicit in the lease. The interest rate implicit in the lease is the rate that causes the present value of (a) the lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor.

Lease payments are allocated between principal and interest expense. The interest is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### 3. Trade receivables

	2022	2021
Consumers	\$ 29,074	\$38,890
Less: Expected Credit Loss	<u>(6,248)</u>	<u>(6,763)</u>
	<u>22,826</u>	<u>32,127</u>

Expected Credit Loss is comprised as follows:

Balance, January 1	6,763	8,260
Remeasurement of credit loss	<u>(515)</u>	<u>(1,497)</u>
Balance, December 31	<u>\$ 6,248</u>	<u>\$ 6,763</u>

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 4. Materials and supplies

	2022	2021
Bulkstores	\$ 39,574	\$ 28,281
Fuel and oil	<u>7,381</u>	<u>3,035</u>
	<b>46,955</b>	<b>31,316</b>
Less: provision for damaged and obsolete spares	<u>(1,968)</u>	<u>(2,181)</u>
	<b>44,987</b>	<b>29,135</b>
Provision for damaged and obsolete spares		
Balance, January 1	<b>2,181</b>	2,257
Provision adjustment	<u>(213)</u>	<u>(76)</u>
Balance, December 31	<u><b>\$ 1,968</b></u>	<u><b>\$ 2,181</b></u>

#### 5. Property, plant and equipment

##### Year ended December 31, 2022

	Land and buildings	Plant, machinery and equipment	Right of use assets	Assets under construction	Total
<b>Cost/Valuation</b>					
January 1, 2022	\$ 26,566	\$ 775,404	\$ 17,061	\$ 42,705	\$ 861,736
Additions				77,159	77,159
Transfers	1,521	23,113		(25,521)	(887)
Disposals	(23)	(3,026)	-		(3,049)
December 31, 2022	<u>28,064</u>	<u>795,491</u>	<u>17,061</u>	<u>94,343</u>	<u>934,959</u>
<b>Accumulated Depreciation</b>					
January 1, 2022	9,931	305,167	2,428	-	317,526
Additions	594	22,571	853	-	24,018
Transfers					-
Disposals	-	(2,056)	-	-	(2,056)
December 31, 2022	<u>10,525</u>	<u>325,682</u>	<u>3,281</u>	<u>-</u>	<u>339,488</u>
<b>Net Book Value December 31, 2022</b>	<u><b>\$ 17,539</b></u>	<u><b>\$ 469,809</b></u>	<u><b>\$ 13,780</b></u>	<u><b>\$ 94,343</b></u>	<u><b>\$ 595,471</b></u>

A depreciation charge of \$1.443 million in respect of generation assets owned and used by the Company was allocated to the cost of power (see note 19). Additions also include capitalized interest of \$3.839 million. See also note 22.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 5. Property, plant and equipment (continued)

##### Year Ended December 31, 2021

	Land and buildings	Plant, machinery and equipment	Right of use assets	Assets under construction	Total
<b>Cost/Valuation</b>					
January 1, 2021	\$ 25,378	\$ 740,045	\$ 17,061	\$ 35,632	\$ 818,116
Additions				44,157	44,157
Transfers	1,188	35,581		(37,083)	(314)
Disposals		(222)			(222)
December 31, 2021	<u>26,566</u>	<u>775,404</u>	<u>17,061</u>	<u>42,706</u>	<u>861,737</u>
<b>Accumulated Depreciation</b>					
January 1, 2021	9,366	283,787	1,575	-	294,728
Additions	565	21,460	853	-	22,878
Transfers		-		-	-
Disposals		(80)	-	-	(80)
December 31, 2021	<u>9,931</u>	<u>305,167</u>	<u>2,428</u>	<u>-</u>	<u>317,526</u>
<b>Net Book Value December 31, 2021</b>	<u><b>\$ 16,635</b></u>	<u><b>\$ 470,237</b></u>	<u><b>\$ 14,633</b></u>	<u><b>\$ 42,706</b></u>	<u><b>\$ 544,211</b></u>

A depreciation charge of \$1.1325 million in respect of generation assets owned and used by the Company was allocated to the cost of power (see note 19). Additions also include capitalized interest of \$2.567 million. See also note 22.

The fixed asset audit conducted in 2013 and 2014 by independent consultants resulted in a revaluation gain of \$5.112 million.

In 2019, the Company entered a capital lease with Belize Telemedia Limited (BTL) that confers on the Company exclusive rights to Dark Fiber owned by BTL and spanning specific locations throughout the country of Belize for a period of twenty years.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 6. Intangible assets

##### Year ended December 31, 2022

	Computer software	Transmission rights	Total
<b>Cost</b>			
January 1, 2022	\$ 11,134	\$ 2,757	\$ 13,891
Transfers	887	-	887
Additions	-	-	-
December 31, 2022	<u>12,021</u>	<u>2,757</u>	<u>14,778</u>
<b>Accumulated Amortization</b>			
January 1, 2022	9,905	2,757	12,662
Transfers	-	-	-
Additions	295	-	295
December 31, 2022	<u>10,200</u>	<u>2,757</u>	<u>12,957</u>
<b>Net Book Value</b>			
December 31, 2022	<u>\$ 1,821</u>	<u>\$ -</u>	<u>\$ 1,821</u>

##### Year ended December 31, 2021

	Computer software	Transmission rights	Total
<b>Cost</b>			
January 1, 2021	\$ 10,820	\$ 2,757	\$ 13,577
Transfers	314	-	314
Additions	-	-	-
December 31, 2021	<u>11,134</u>	<u>2,757</u>	<u>13,891</u>
<b>Accumulated Amortization</b>			
January 1, 2021	8,992	2,757	11,749
Transfers	-	-	-
Additions	913	-	913
December 31, 2021	<u>9,905</u>	<u>2,757</u>	<u>12,662</u>
<b>Net Book Value</b>			
December 31, 2021	<u>\$ 1,229</u>	<u>\$ -</u>	<u>\$ 1,229</u>

Transfer total of \$887 thousand (2021 –\$314 thousand) represents the cost of Assets under construction that was transferred to Intangible Assets (see Note 5).

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 7. Trade and other payables

	2022	2021
Trade payables	\$ 40,154	\$ 51,910
Payroll liabilities	2,326	2,184
Refunds and other costs	809	759
Stale dated checks	2,244	945
Dividends payable	574	468
Interest payable	331	192
EIB training fund	838	838
	<u>\$ 47,276</u>	<u>\$ 57,296</u>

#### 8. Deferred grant contribution

	2022	2021
<b>Energy Resilience Change Adaptaion Project</b>		
Deferred grant contribution at the beginning of the year	\$ 6,834	\$ 4,736
Grant funds received during the year	-	2,098
Amount set off against expenses during the year	-	-
Deferred grant contribution at the end of the year	<u>6,834</u>	<u>6,834</u>
<b>European Union Mini-grid</b>		
Deferred grant contribution at the beginning of the year	-	-
Grant funds received during the year	3,039	-
Amount set off against expenses during the year	-	-
Deferred grant contribution at the end of the year	<u>3,039</u>	<u>-</u>
<b>Total</b>	<u>\$ 9,873</u>	<u>\$ 6,834</u>

The ERCAP In Belize Project is designed to demonstrate measures that enhance the resilience of the energy system to adverse weather and climate change impacts in Belize. It covers a comprehensive set of areas for enhancing resiliency in the energy sector, particularly as it pertains to the electricity supply.

The ERCAP Belize Project portfolio is comprised of two grant agreements: the first between the Company and the World Bank (WB) (which includes all BEL project activities) for a total of US\$5.62 million and the second between the Government of Belize (GOB) and the WB which includes all project activities for the National Meteorological Services (NMS) and the Ministry of Energy (MOE) for a total of US\$2.38 million. As of December 31, 2022, the total grant funds used was US\$2.3 million (December 31, 2021: US\$974 thousand). The Company, in addition to executing specific project activities, is responsible for the overall management of the ERCAP In Belize Project portfolio. Both the MOE and NMS have respective project activities that fall under their purview for execution. The project execution started in November 2016 and was slated for completion by May 31, 2022. An extension was sought, and approval was obtained from the World Bank with a new completion date of November 30, 2024.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 8. Deferred grant contribution (continued)

In February 2022, the Company and the European Union (EU) signed an agreement for a rural electrification project to supply power to five remote communities in Belize that currently do not have access to BEL's existing supply. In June 2022, BEL received funds of EUR\$1.46 million equivalent to BZ\$3.039 million for the project. The project is expected to be implemented over a three-year period and the mini-grids, once completed, will be operated and maintained by the Company.

#### 9. Taxes payable

	2022	2021
Business tax	\$ 350	\$ 310
General sales tax	<u>2,093</u>	<u>1,794</u>
	<u>\$ 2,443</u>	<u>\$ 2,104</u>

#### 10. Long term debt

##### Government of Belize

##### a. Loan No. 21/OR-BZ

Unsecured loan no. 21/OR-BZ to Government of Belize amounting to US\$ 11,231,000 from the Caribbean Development Bank for on-lending to the Company, approved as part of the Power VI Project. Loan was fully drawn-down in 2022. Repayment is by 48 equal quarterly instalments. The loan bears interest at 1.00 % per annum commitment fee on the undrawn balance and 4.75% (2021 - 3.30%) interest.

\$ 15,300	\$ 16,166
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##### Loan No. 23/OR-BZ

Unsecured loan no. 23/OR-BZ to Government of Belize from the Caribbean Development Bank for on-lending to the Company. Drawdown on Loan facility granted on August 6, 2019, for US\$ 6,840,000 to finance the interconnection of Caye Caulker to the national grid. The loan is comprised of two Funds: Fund 13904-EIB V (CALC11) for US\$3,117,000 repayable in 48 quarterly instalments and bearing interest at 1.00 % per annum commitment fee on the undrawn balance and 1.78% (2021 - 1.78%) interest; Fund 10000-EQUITY & RESERVES for US\$3,723,000 repayable in 48 quarterly instalments and bearing interest at 1.00 % per annum commitment fee on the undrawn balance and 4.75% (2021 - 3.30%) interest.

121	133
<u>15,421</u>	<u>16,299</u>
<u>(2,278)</u>	<u>(2,097)</u>
<u>\$ 13,143</u>	<u>\$ 14,202</u>

Less Current portion (repayable in 12 months)

The loan is repayable as follows:

2023	\$ 2,278
2024	2,278
2025	2,278
2026	2,278
2027	2,278
2028 and thereafter	<u>4,031</u>
	<u>\$ 15,421</u>

On October 4, 2022, the Company signed a loan agreement with the Inter-American Investment Corporation for the value of US\$30 million. At December 31, 2022, no disbursement has been made.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 11. Lease Liability

Capital Leases Obligation	2022	2021
<b>BTL Leases</b>		
Capital leases with BTL conferring exclusive rights to the use of specific strands of dark fiber on BTL's fiber network, measured at the present value of minimum lease payments discounted at the interest rate implicit in the lease of 2%. Leases are for 20 years with monthly lease payments of \$19,396 and \$66,910 (inclusive of interest) respectively.	\$ 14,285	\$ 15,027
	<u>14,285</u>	<u>15,027</u>
Less Current portion (repayable in 12 months)	<u>(757)</u>	<u>(742)</u>
	<u>\$ 13,528</u>	<u>\$ 14,285</u>
The leases are repayable as follows:		
Within one year	\$ 757	
Later than one year but not later than five years	3,184	
Later than five years	<u>10,344</u>	
	<u>\$ 14,285</u>	

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 12. Debentures

	2022	2021
Series 6: 250,000 unsecured debentures of \$100 each to mature December 31, 2030 with interest payable quarterly at 6.5% per annum. The Series 6 debentures can be called by the Company at any time after December 31, 2020, until maturity by giving holders not more than 60 days or not less than 30 days written notice and are repayable at the option of the holders at any time on or after December 31, 2022, after giving 12 months written notice to the Company. Redemption by agreement between the Company and the Debenture holder at any time is also allowed.	\$ 25,000	\$ 25,000
Series 7: 275,000 unsecured debentures of \$100 each to mature March 31, 2028 with interest payable quarterly at 6.0% per annum. The Series 7 debentures can be called by the Company at any time after March 31, 2022, until maturity by giving holders not more than 60 days or not less than 30 days written notice and are repayable at the option of the holders at any time on or after March 31, 2022, after giving 12 months written notice to the Company. Redemption by agreement between the Company and the Debenture holder at any time is also allowed.	27,500	27,500
Series 8: 452,352 unsecured debentures of \$100 each to mature June 30, 2032 with interest payable quarterly at 6.0% per annum. The Series 8 debentures can be called by the Company at any time after June 30, 2026, until maturity by giving holders not more than 60 days or not less than 30 days written notice and are repayable at the option of the holders at any time on or after June 30, 2026, after giving 12 months written notice to the Company. Redemption by agreement between the Company and the Debenture holder at any time is also allowed.	45,235	45,235
Series 9: 600,000 unsecured debentures of \$100 each to mature June 30, 2034 with interest payable quarterly at 4.25% per annum. The Series 9 debentures can be called by the Company at any time after June 30, 2028, until maturity by giving holders not more than 60 days or not less than 30 days written notice and are repayable at the option of the holders at any time on or after June 30, 2028, after giving 12 months written notice to the Company. Redemption by agreement between the Company and the Debenture holder at any time is also allowed.	60,000	-
Series 10: 300,000 unsecured debentures of \$100 each to mature December 31, 2034 with interest payable quarterly at 4.5% per annum. The Series 10 debentures can be called by the Company at any time after December 31, 2028, until maturity by giving holders not more than 60 days or not less than 30 days written notice and are repayable at the option of the holders at any time on or after December 31, 2031, after giving 12 months written notice to the Company. Redemption by agreement between the Company and the Debenture holder at any time is also allowed.	30,000	-
	<u>\$ 187,735</u>	<u>\$ 97,735</u>

On September 30, 2021, the Company exercised its option to call the full amount of \$25 Million of Series 5 Debentures upon giving 45 days' notice to holders in accordance with the requirement that the debentures could be called by the Company at any time until maturity by giving holders not more than 60 days or not less than 30 days written notice.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 12. Debentures (continued)

The Indentures to the Debentures contain covenants, which must be complied with by the Company. In the event of a default as defined in the Indentures, the Company through the Fiscal Agent or via a Trustee appointed by the Debenture holders may be required to purchase the Debentures at their face value.

#### 13. Consumer Deposits

The Company requires consumers to make a security deposit equivalent to one month's estimated bill at the time of service connection. The deposit does not earn interest and is fully refundable on permanent discontinuation of service.

#### 14. Share capital.

	2022	2021
<b>Ordinary shares:</b>		
Authorized 100,000,000 shares of \$2.00 each	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Issued and fully paid 69,023,009 shares of \$2.00 each	<u>\$ 138,046</u>	<u>\$ 138,046</u>
<b>Convertible redeemable preference shares:</b>		
Authorized 12,000,000 shares of \$2.00 each	<u>\$ 24,000</u>	<u>\$ 24,000</u>
Issued and fully paid shares of \$2.00 each	<u>Nil</u>	<u>Nil</u>
<b>Special share:</b>		
Authorized, issued and fully paid 1 share of \$1.		

The rights attached to Convertible Redeemable Preference Shares are as follows:

**Voting** - the Convertible Redeemable Preference Shares shall not confer unto the holders any voting rights save in accordance with the Articles of Association.

**Conversion** – Holder(s) of the Convertible Redeemable Preference Shares shall have the right, with the consent of the Company, at any time before the redemption of its shares to request that the Company convert any portion of the shares held by such holder(s) to Ordinary Shares provided that (a) the holder(s) shall serve a written notice of the request to the Company at least 60 days before the intended conversion and (b) the conversion shall take effect on the date next after the expiry of the fiscal year in which the written request for conversion is delivered to the Company.

**Return of Capital** - The Convertible Redeemable Preference Shares confer on the holders thereof the right on a winding-up or other return of capital (but not on a redemption) to repayment, in priority to any payment to the holders of Ordinary Shares and at least in parity with the holder of the Special share as defined in the Articles of Association and the holders of any other preference shares of the Company from time to time, of the amounts paid up on the Convertible Redeemable Preference Shares held by them.

**Further Rights, Privileges and Obligations** - The Convertible Redeemable Preference Shares Company shall confer upon the holders thereof all other rights, preferences, privileges and restrictions, attaching to the class of shares to which the Shares belong, as outlined in the Articles of Association.



## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 14. Share capital (continued)

No Convertible Redeemable Preference Shares are outstanding since December 31, 2016.

The rights attached to the Special Share are as follows.

Income - the Special Share is not entitled to participate in any income distributed by the Company.

Voting - the holder of the Special Share is entitled to receive notice of, and to attend and speak at, any general meeting or any meeting of any class of shareholders of the Company, but the Special Share does not carry a right to vote or any other rights at any such meeting.

Redemption - The holder of the Special Share may require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate to the Company. Any redemption is subject to the provisions of the statutes and the Articles of the Company.

Capital - The Special Share confers on the holder thereof the right, on a winding-up or other return of capital but not on a redemption, to repayment in priority to any payment to the holders of Ordinary Shares and at least in parity with the holders of the Preference Shares and the holders of any other preference shares of the Company from time to time, of the amount paid upon the Special Share.

Purchase and transfer - The Company shall not purchase but may redeem the Special Share. The Special Share may be transferred only to a Minister of the Government of Belize or any person acting on the written authority of the Government of Belize.

Right to appoint Directors and the Chairman - Article 4(B) of The Articles of Association of the Company states that “when determining the rights attaching to any shares, the shares held by the Government of Belize shall be deemed to include shares held by the Social Security Board or any other Public Statutory Corporation.” The holder of the special share is entitled to appoint two directors to the Board of Directors of the Company, one of whom is to serve as the chairman at any time during which the holder of the special share is the holder of Ordinary shares amounting to 25% or more of the issued share capital of the Company.

#### 15. Additional paid-in capital

In March 2003, the Company implemented a Dividend Reinvestment Program allowing shareholders to reinvest their dividends into additional ordinary shares of the Company at \$2.75 per share. The excess \$0.75 per share over par value is recorded as additional paid-in capital of \$5.741 million at the end of December 2022 (2021 - \$5.741 million). The Dividend Reinvestment Program was closed on August 2, 2006.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 16. Capital contributions

Capital contributions are contributions by customers towards capital installation costs; they include the Government of Belize’s contributions. In 2021 the European Union’s contributions towards rural electrification programs were refunded. Capital contributions are amortized over the useful life of the relevant asset.

	2022	2021
Capital contributions brought forward	\$ 72,562	\$ 73,051
Additions	2,459	1,149
Refund	-	(1,638)
Capital contributions carried forward	<u>75,021</u>	<u>72,562</u>
Amortization brought forward	23,790	22,311
Additions	1,757	1,479
Amortization carried forward	<u>25,547</u>	<u>23,790</u>
Capital contributions – net	<u>\$ 49,474</u>	<u>\$ 48,772</u>

#### 17. Insurance reserve

The insurance coverage of the Company's transmission and distribution assets was discontinued in 1994 due to the limited availability of coverage and a significant increase in the cost of this insurance. In 1995, the Board of Directors approved the setting up of a self-insurance plan for transmission and distribution assets in the form of a \$5 million reserve accumulated from amounts of \$0.5 million per annum deducted from retained earnings. On June 26, 2014, the Company placed the \$5 million accumulated into a one-year term deposit, earning interest at the rate of 1.5% per annum and renewable annually.

#### 18. Revenues

On October 28, 2020, the PUC approved a reduced Mean Electricity Rate (MER) of \$0.4018 for the period January 1, 2021, to June 30, 2021 as part of the Full Tariff Review Proceedings (FTRP) for the 2020-2024 full tariff period. On April 1, 2021, the Company submitted a proposal for the Annual Review Proceeding (ARP) 2021 to retain the prevailing tariffs and accrue cost increases in the Regulatory Account Balance. However, on June 24, 2021, the PUC further reduced the MER to \$0.3999, as well as tariffs to reflect this new MER, with effect from July 1, 2021 through to June 30, 2024. On June 30, 2022, the PUC issued its Final Decision on ARP 2022 and retained the MER of \$0.3999 with no changes in prevailing tariffs through to June 2023 in line with BEL’s request.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 19. Cost of power

	2022	2021
Power purchased	\$ 150,177	\$ 129,672
Power generation costs:		
Fuel	9,902	4,286
Operations and maintenance	1,161	610
Depreciation (Note 5)	1,443	1,325
	<u>\$ 162,683</u>	<u>\$ 135,893</u>

#### 20. Other income

	2022	2021
Service installations	\$ 53	\$ 26
Rent income	2,431	2,504
Amortization of capital contributions	1,757	1,479
Inventory adjustments	2,082	1,348
Sundry income	1,943	2,048
Gain (Loss) on disposal of fixed assets	18	(100)
	<u>\$ 8,284</u>	<u>\$ 7,305</u>

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 21. Operating expenses

	2022	2021
Company taxes and fees	1,420	\$ 1,371
Computer hardware and software support	1,402	1,246
Contract labour	6,585	5,391
Corporate insurance	1,390	1,303
Depreciation and amortization	22,870	22,465
Donations & customer claims	346	694
Employee electricity discount	359	351
Employee service facility	1,089	699
Employer medical, life and social security	1,293	1,129
Employer pension	1,360	1,240
Maintenance of office equipment	-	1
Maintenance of grounds and buildings	703	603
Materials	676	658
Notification and advertisements	406	461
Payroll expenses - labour & wages	16,320	14,602
Professional fees	373	321
Remeasurement of credit loss	(515)	(1,497)
Stationery & office supplies and postage and subscription	112	87
Telephone & communications	642	998
Training & certification	647	372
Travel	209	196
Uniform & safety gear	612	584
Vegetation management	1,859	1,483
Vehicle maintenance	1,275	986
	<u>61,433</u>	<u>\$ 55,744</u>

#### 22. Interest expense

	2022	2021
Interest expense	\$ 9,318	\$ 8,521
Lease liability interest	294	308
Interest capitalized (see also note 5)	(3,839)	(2,567)
	<u>\$ 5,773</u>	<u>\$ 6,262</u>

#### 23. Business tax

The Company is charged a tax rate of 1.75% on its gross revenues in accordance with the Income and Business Tax Act Chapter 55 of the Substantive Laws of Belize.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 24. Earnings per share

	2022	2021
Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.	\$ <u>0.22</u>	\$ <u>0.49</u>

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for its dilutive potential.	\$ <u>0.22</u>	\$ <u>0.49</u>
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The following reflects the income and share capital data used in the basic and diluted earnings per share computations.

	2022	2021
Net profit attributable to ordinary shareholders for basic and diluted earnings	<u>\$ 15,342</u>	<u>\$ 34,010</u>
Weighted average number of ordinary shares for basic earnings per share	69,023,009	69,023,009
Effect of dilution:		
Weighted average number of ordinary shares adjusted for the effect of dilution	69,023,009	69,023,009
<b>Basic earnings per ordinary share</b>	<u>\$ 0.22</u>	<u>\$ 0.49</u>
<b>Diluted earnings per ordinary share</b>	<u>\$ 0.22</u>	<u>\$ 0.49</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 25. Dividends

Cash dividends on ordinary shares declared and paid:	2022	2021
Final dividends paid in 2021 for the fiscal year 2019 are at \$0.20 per share and the fiscal year 2020 are at \$0.20 per share, and final dividends paid in 2022 for the fiscal year 2021 are at \$0.20 per share.	<u>\$ 13,804</u>	<u>\$ 27,609</u>

#### 26. Related party transactions

The Government of Belize owns 36.9% of the shares, the Social Security Board owns 26.9%, Fortis Cayman Inc. owns 33.3% and about 1,500 other shareholders own 2.9%.

The following transactions were carried out with related parties:

	2022	2021
<b>(a) Sale of power</b>		
Government of Belize	25,749	24,841
Belize Telemedia Limited	4,134	4,797
Social Security Board	524	496
<b>(b) Purchases of goods and services</b>		
Social Security Board contribution payments	864	702
Social Security Board interest payments	46	334
Social Security Board dividend payments	4,316	8,632
Belize Telemedia Limited telecommunications services	1,659	1,133
Fortis Belize Limited power purchase	56,917	40,009
Government of Belize dividend payments	4,498	8,896
Fortis Cayman Inc. dividend payments	4,597	9,194
<b>(c) Key management compensation</b>		
Key management includes directors, members of the Executive, the Company Secretary and the Head of Internal Audit. The compensation paid to key management for services is shown below:		
Salaries and other short-term benefits	1,518	1,314
<b>(d) Year-end balances</b>		
<b>Receivable from related parties:</b>		
Government of Belize	-	-
Social Security Board	-	-
Belize Telemedia Limited	18	2
Entities controlled by key management personnel	NIL	NIL
<b>Payable to related parties:</b>		
Government of Belize	893	841
Social Security Board	NIL	NIL
Fortis Belize Limited	9,661	32,608
Belize Telemedia Limited - finance lease	14,285	15,027
Entities controlled by key management personnel	NIL	NIL

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 26. Related party transactions (continued)

The receivable from and payable to related parties are due one month after date of sale or purchase, except for the BTL leases which are due in accordance with lease agreement (see Note 11). The receivables are unsecured and bear no interest. No provisions are held against receivables from related parties.

(e) Loans to related parties NIL NIL

#### 27. Commitments and contingencies

**Commitments** – There are no significant contracted expenditures at the end of the period that are not recognized as liabilities.

**Compliance with covenants** - The indenture to the debentures and other loan agreements contain covenants that must be complied with by the Company. As of December 31, 2022, the Company was in compliance with these covenants.

**Legal issues** - The Company is subject to various legal proceedings and claims that arise in the ordinary course of business operations. Management believes that the amount of liability, if any, from these actions would not have a material effect on the Company's financial position or results of operations. However, these legal matters continue to require keen attention and consultation with the Company's attorneys to minimize exposure.

**Other Contingencies** – As of December 31, 2022, there were four Right of Way claims of which three have been submitted to arbitration under Section 36 of the Electricity Act. The Company has assessed its exposure at approximately \$430,800 for all these claims.

Toledo Equipment Enterprise Limited (TEEL) had brought a Supreme Court claim against the Company for alleged breach of contract. TEEL claimed that it had an exclusive right to certain works in the Southern Zone of Belize under a contract with the Company and alleges that the Company breached the agreement by assigning those works to other contractors. BEL's position is that, based on its interpretation of the agreement, no such exclusivity was conferred on TEEL. By Consent Order, the Parties agreed that TEEL would be paid 30% of the value of contracts within the appropriate period, which represents the anticipated profit. BEL's position is that this amounts to approximately \$30,000. The dispute has been referred to arbitration for resolution pursuant to the Consent Order.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 28. Categories of financial assets and financial liabilities

In accordance with IFRS 9, financial assets and financial liabilities are classified and subsequently measured at amortized cost.

Under IFRS 7, an entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

	2022	2021
Financial Assets		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 48,961	\$ 25,118
Short term investments	5,000	5,000
Trade receivables	22,826	32,127
Other receivables	1,793	1,536
Staff receivables	812	700
Total Financial Assets	<u>\$ 79,392</u>	<u>\$ 64,482</u>
Financial Liabilities		
Liabilities at amortised cost		
Trade and other payables	\$ 47,276	\$ 57,296
Taxes payable	2,443	2,104
Deferred grant contribution	9,873	6,834
Long term debt	15,421	16,299
Debentures (short-term and long-term)	187,735	97,735
Lease liability	14,285	15,027
Total Financial Liabilities	<u>\$ 277,033</u>	<u>\$ 195,295</u>

#### 29. Financial risk management

The Company's activities expose it to a variety of financial risks. Risk management is carried out by Management under the supervision of the Board of Directors. The Company's overall risk management objective is to minimize potential adverse effects on the Company's financial and operational performance.

##### (a) Foreign exchange risk

Foreign exchange risk arises when future recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 29. Financial risk management (continued)

##### (a) Foreign exchange risk (continued)

This risk is mitigated by the fact that the Belize dollar is tied to the US dollar at BZ\$2 to US\$1. However, where the rate of exchange of the US dollar fluctuates against other currencies, for example, the Euro, the Company is susceptible to foreign exchange risks.

Foreign exchange risk is minimized when the Company's transactions with foreign entities are denominated in US dollars. On December 31, 2022, and 2021, the Company had no material liability denominated in a foreign currency other than the US dollar (See Note 10).

##### (b) Credit risk

The Company has a large and diversified customer base, which helps to lower the concentration of its credit risk. The Company's credit risk exposure is concentrated as follows:

Government of Belize	9%
Residential customers	37%
Commercial customers	49%
Industrial customers	5%

On that basis, the allowances as of December 31, 2022 and December 31, 2021 were determined as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Closed accounts	Total
<b>December 31, 2022</b>							
Gross carrying amount	\$ 14,892	\$ 2,771	\$ 891	\$ 485	\$ 2,566	\$ 7,468	\$ 29,073
Customer deposits	(6,365)	(1,184)	(381)	(207)	(4,288)	-	(12,426)
	<u>8,527</u>	<u>1,587</u>	<u>510</u>	<u>278</u>	<u>(1,722)</u>	<u>7,468</u>	<u>16,647</u>
Expected loss rate	-0.7%	-2.7%	-5.0%	-7.3%	40.4%	95.0%	
Total loss allowance \$	<u>(63)</u>	<u>(43)</u>	<u>(26)</u>	<u>(20)</u>	<u>(696)</u>	<u>7,094</u>	<u>6,247</u>
<b>December 31, 2021</b>							
Gross carrying amount	12,891	4,112	2,933	2,267	11,852	4,835	38,890
Customer deposits	(4,008)	(1,278)	(912)	(705)	(5,188)	-	(12,091)
	<u>\$ 8,883</u>	<u>\$ 2,834</u>	<u>\$ 2,021</u>	<u>\$ 1,562</u>	<u>\$ 6,664</u>	<u>\$ 4,835</u>	<u>\$ 26,799</u>
Expected loss rate	0.5%	1.5%	2.4%	3.2%	29.8%	95.0%	
Total loss allowance \$	<u>42</u>	<u>42</u>	<u>48</u>	<u>50</u>	<u>1,986</u>	<u>4,593</u>	<u>6,761</u>

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 29. Financial risk management (continued)

##### (b) Credit risk (continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit and subsequent recoveries of amounts previously written off are credited against the same line item.

Management puts in place measures to mitigate this type of risk by consistently enforcing a customer deposit policy based on the level of risk exposure and regularly following up on accounts in arrears. These actions generally guarantee positive results by virtue of the Company being the sole electricity distributor nationwide.

##### (c) Interest Rate Risk

The Company is exposed to interest rate risk associated with short-term borrowings and floating-rate debt. The Company mitigates this risk by maintaining a diversified debt portfolio and continuously monitoring the interest rates.

##### (d) Liquidity Risk

The Company's operations and financial position could be adversely affected if it fails to arrange sufficient financing to fund its capital expenditures and repayment of maturing debt. To mitigate liquidity risk, the Company performs rolling cash flow forecasting of the Company's liquidity requirements to ensure it has sufficient cash to always meet operational needs. Such forecasting takes into consideration the Company's debt financing plans and compliance with the statement of financial position.

The table below categorizes liabilities of the Company into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

#### Contractual maturities of Liabilities on December 31, 2022

	Within 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	\$ -	\$ 47,276	\$ -	\$ -	\$ 47,276
Taxes payable	2,443	-	-	-	2,443
Deferred grant contribution	-	-	9,873	-	9,873
Debentures (short-term and long-term)	-	-	-	187,735	187,735
Long-term debt, including lease liability	754	2,281	12,305	14,366	29,706
	<u>\$ 3,197</u>	<u>\$ 49,557</u>	<u>\$ 22,178</u>	<u>\$ 202,101</u>	<u>\$ 277,033</u>

## Belize Electricity Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

#### 29. Financial risk management (continued)

##### (d) Liquidity Risk (continued)

Contractual maturities of Liabilities on December 31, 2021

	Within 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	\$ -	\$ 57,296	\$ -	\$ -	\$ 57,296
Taxes payable	2,104	-	-	-	2,104
Deferred grant contribution	-	-	6,834	-	6,834
Debentures (short-term and long-term)	-	-	-	97,735	97,735
Long-term debt, including lease liability	663	2,176	11,510	16,977	31,326
	<u>\$ 2,767</u>	<u>\$ 59,472</u>	<u>\$ 18,344</u>	<u>\$ 114,712</u>	<u>\$ 195,295</u>

##### (e) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide optimal returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or debt, or sell assets to pay off debt.

Consistent with industry best practices, the Company monitors the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long-term debts and debentures including 'current' and 'non-current' portions as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

#### 30. Events after the reporting period

No adjusting nor significant non-adjusting events have occurred between the December 31, 2022 reporting date and the date of authorization.

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# OUR BOARD OF DIRECTORS



**Mr. E. Andrew Marshalleck S.C.**  
CHAIRMAN, BOARD OF DIRECTORS



**Ms. Kay Menzies**  
DEPUTY CHAIRPERSON



**Mr. Marcello Blake**  
CHAIRMAN, AUDIT & RISK  
COMMITTEE



**Mr. Amir Carrillo**  
DIRECTOR



**Mrs. Wendy Castillo**  
DIRECTOR



**Ms. Janelle Chanona**  
DIRECTOR



**Mr. Lawrence Ellis**  
DIRECTOR



**Mr. Anuar Flores**  
DIRECTOR



**Mr. Anil Hotchandani**  
DIRECTOR



**Mr. James Laurito**  
DIRECTOR



**Mr. Anthony Sylvestre**  
DIRECTOR



**Mr. Emilio Zabaneh**  
DIRECTOR

## HEADS OF DEPARTMENTS

Gillian Awe - Manager, Talent Acquisition & Development  
Andrea Badillo - Manager, Executive Services & Corporate Secretary  
Vonetta Burrell - Manager, Corporate Communications  
Marta Castillo - Manager, Internal Audit  
Senaida Castillo - Manager, Finance & Accounting  
Austin Castro - Manager, Information Technology & Cybersecurity  
Sherman Ferguson - Manager, Customer Accounts  
Omereyon Fregene - Manager, Energy Supply  
Stephen Gilharry - Manager, Transmission & Substations  
Denise Gillett - Manager, HR Relations & Services  
Adelita Granados - Manager, Inventory Management  
Karique Marin - Manager, Distribution Planning & Engineering  
Kevin Petzold - Manager, Special Projects  
Sheena Kuylen Simpson - Manager, System Planning & Engineering  
Barrymore Smith - Manager, Telecommunication Services  
Lisa Stanford - Manager, Customer Services & Relations  
Ashton Webster - Manager, Distribution Operations  
Leon Westby - Manager, Strategy & Business Innovation  
Lloyd Winsor - Manager, Procurement & Inventory Management

## BELIZE ENERGY WORKERS UNION

Jose Escalera – President  
Aubrey Tillett – Vice President  
Marvin Mora – General Secretary  
Patrick Balan – Assistant General Secretary  
Ronald Young – Treasurer  
Gregory Kerr – Councillor  
Clarissa Vasquez – Councillor  
Andy Pandy – Trustee  
Alric Moore – Trustee

## LEADERSHIP TEAM

### John Mencias

Chief Executive Officer

### Jose Moreno

General Manager, Energy Supply & Transmission

### Sean Fuller

General Manager, Commercial & Retail Services

### Dawn Nunez

General Manager, Employee & Corporate Services

### Jason Rivers

General Manager, Finance & Operations Support

### Herschel Armstrong

General Manager, Distribution Services

## SHAREHOLDER SERVICES

For general information, shareholder publications and other requests, please contact the Company Secretary.

## DIRECT DEPOSIT

Shareholders may obtain automatic electronic deposit of dividends to their designated financial institution in Belize by contacting the Securities Officer.

## CORPORATE ADDRESS

21/2 Miles Philip Goldson Highway  
P.O. Box 327  
Belize City, Belize  
Central America  
Telephone: +501.227.0954  
Email: corporate@bel.com.bz

## FISCAL AGENT

Heritage Trust and Financial Services Limited  
106 Princess Margaret Drive  
P.O. Box 1988/1867  
Belize City, Belize  
Central America





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email: [corporate@bel.com.bz](mailto:corporate@bel.com.bz)