

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended March 31, 2022
Pursuant to Section 98(2) of the Securities Act, 2001

OR

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

Issuer Registration Number: GRENLEC27091960G

Grenada Electricity Services Ltd.

(Exact name of reporting issuer as specified in its charter)

Grenada W.I.

(Territory or jurisdiction of incorporation)

Dusty Highway, Grand Anse, St. George's, P.O. Box 381

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): (473) 440-3391

Fax number: (473) 440-4106

Email address: mail@grenlec.com

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. _____

CLASS	NUMBER
Ordinary Shares	19,000,000

SIGNATURES

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

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


Name of Chief Executive Officer (Ag):

Name of Director:

Clive Hosten

Benedict Brathwaite


Signature


Signature

Date 31st August 2022

Date 31.8.2022

Name of Chief Financial Officer:

Lydia Courtney-Francis


Signature

Date 31 August, 2022

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

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

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

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

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

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

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

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

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The following table provides information as at March 31, 2022 with comparatives at March 31, 2021, and December 31, 2021, of GRENLEC's compliance with various financial loan covenants. Within the first three months, the ratios that are dependent on profitability usually lag the covenant based on the time frame. The first quarter net profit before tax performance for 2022 was ahead of both budget (225.76%) and the prior year (448.5%), as the growing trend in gross kWh sales have improved by 11.33% on the same period in 2021.

Covenant Table

	Covenant Ratio	March 2022	March 2021	December 2021
Current Ratio	>= 1.35:1	1.93:1	2.11:1	2.02:1
Debt Service Coverage Ratio	>= 1.75:1	0.65:1	0.24:1	3.55:1
Funded Debt to EBITDA	<= 3:1	6.96:1	19.83:1	1.47:1

The Company's performance for the first quarter of 2022 was substantially ahead of 2021 by 32.88% of total income. This reflects the rebound in business activity after a hiatus of approximately two (2) years, when the first Covid-19 case was identified in Grenada in March 2020

In the first three months of 2022, the Company's net assets increased from \$103.77M to \$112.45M. Non-current assets increased from \$119.02M to \$127.79M in this period despite depreciation expense of \$2.5M. Cash and cash equivalents increased by 48.85% from \$12.23M at the end of 2021 to \$18.2M in the three months to March 2022 which is a reflection of the increased kWh sales; fuel recovery was close to 98% as well.

Trade receivables fell by \$1.51M, over the three months to March 2022, down to \$15.78M. Decreases in commercial (9.90%), statutory bodies (26.13%) domestic (16.67%) were recorded, while government (6.55%) and industrial (22.04%) both increased. This overall decrease was mainly due to exceeding the collections target on outstanding balances built up from the COVID-19 period. Debtor days decreased by 4.73 days to 30.64 days over the three months to March 2022. The quality of the accounts receivable portfolio improved from twelve (12) months prior with the current portion increasing from 70% to 72%, while the 90 days dropped to 17% (22%-March 2021).

Liquidity and Capital Resources

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

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

Discussion of Liquidity and Capital Resources

(a) Liquidity

As at the end of the first quarter of 2022, the Company recorded a current ratio of 1.93:1 and was in position to meet its operational requirements at a level above the lender institution's benchmark of 1.35:1.

The average electricity rate over the first three months of 2022 was \$0.88/kWh, an increase of 12.82% percent (\$0.10/kWh) as compared to the same period last year. This increase was due to higher world fuel prices in 2022 compared to that at the beginning of 2021, buffered by a reduction of 25% (\$0.08) on the non-fuel charge granted to customers from January 5th, 2022. The average fuel charge has increased from \$0.2933/kWh to \$0.5012/kWh for the first three months of 2022 as compared to the equivalent period last year.

Cash provided by operating activities for the three months to March 31, 2022, of \$9.401M was 93.58% higher than that for the three months to March 2021. Profit was \$4.675M higher than for the first three months of 2021 due to a combination of factors mainly lower YTD expenses caused by delayed overhaul and maintenance charges, and YTD savings on all other department costs, which we expect to normalise later in the year as the overhauls are performed. The Hurricane Provision YTD (\$499K) was reversed in March 2022 following the Board's decision to defer in the current financial year.

Receivables decreased by \$1.5M while payables increased by \$1.9M respectively, largely due to the increased collection and increases in fuel price during the first three months of 2022.

Cash used in investing activities of \$1.62M to March 31, 2022, was significantly less than the \$7.2M (\$5.8M relating to DG4 replacement) in 2021 due to the lag in capital works in the current year.

Financing activities of \$1.8M in the first three months of 2022 was primarily related to the repayment of borrowings as scheduled since the approval of Dividend payments was delayed. There was no other significant financing activity in this quarter.

Overall, during the first three months of the year, the cash position increased by 95% to \$18.2M. The Company met all its obligations in the period, and, based on its current cash flow projections can be expected to continue to do so for the foreseeable future.

(b) Capital Resources

Non-expansion capital expenditure for 2022 of \$441K and purchase of assets \$999K spent from operational cashflow were substantially lower than the \$7.24M in the first three months of 2021 due mainly to the first drawdown of \$5.95M, from a new loan from CIBC FirstCaribbean in the amount of \$16.2M for replacement of the DG#4 engine, which is not a factor this year. Forty-six percent (46%) or \$7.1M of the total capital budget 2022 was approved for spending in the year's first half.

The Company does not face any significant challenge with regard capital resources for its recurrent or capital operations. It has an overdraft facility with CIBC FirstCaribbean in the amount of \$6M. Additionally, the company has \$6.45M in certificates of deposits not associated with the Hurricane Fund that is included within the \$38.5M financial assets at amortised cost.

The Company's largest customer, St. George's University, as at the period under review, continues to operate below full capacity as the majority of its students and faculty have continued to work via the virtual learning environment. The University has announced its intention to recommence on-campus studies at the end of the first quarter of 2022. This should result in an improvement in kWh sales in the last three quarters of the year.

For the third month of the year to March 2022 - unit have exceeded prior year performance, with March's performance being the highest March sales the Company has achieved since inception at 18.08M kWh.

Off Balance Sheet Arrangements

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

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off- balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

None

Results of Operations

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

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

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects

will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

The Company's financial performance for the first three months of 2022, reflected by its profit before interest, showed a 266.42% increase as compared to the same period in 2021, an increase of \$4.675M to \$6.430M.

While the non-fuel rate was reduced by 25% from January 2022, the net effect on non-fuel dollars sales is a much lower decline of 8.56% buffered by the substantial growth of 11.33% in kWh; there has been an increase in fuel revenue of \$12.54M driven by the growth in fuel prices and yielding a year to date net fuel loss of \$0.61M, moderately better as compared to 2021 (for the first quarter of 2021, the Company experienced an unfavourable fuel recovery of \$1.76M as compared to the favourable recovery of \$2.7M for the same period in 2020); operating costs, net of fuel has recorded a net savings of \$4.834M and is mainly due to lag in production and other operating costs.

kWh sales increased by 11.33% in the first quarter of 2022 compared to the decline by 9.63% in the first quarter of 2021 which was substantially above the 2.5% increase over the same period in 2020. This is also ahead of the budgeted growth in kWh sales for 2022 of 3.43%.

The average fuel charge \$0.8772 in the first quarter of 2022 was 71% more than that for the equivalent period of 2021 leading to overall higher revenue. Fuel revenue in the first three months was 90.26 percent above the 2021 total.

Total revenue to March 2022 increased by 32.88%, to \$45.42 as compared to the equivalent period of 2021 (\$34.18M).

The fuel cost recovery rate over the three months to March was 97.71% producing a net loss of (\$0.61M), compared to a net loss of \$1.76M in 2021 at a rate of 88.56%, and a net benefit of \$2.7M from a rate of 113.35% over the equivalent period of 2020. The recovery rate in the first quarter was higher than that of 2021 as fuel prices began to rise after their unusually low levels in 2020. Since January we have seen world fuel prices continue an upward trajectory which is likely to have a significant negative impact on the fuel cost recovery rate in the coming months.

Operating and administrative expenses other than fuel, decreased by 40.69% or \$4.85M in the first three months of 2022. A significant portion of this savings is with the Generation Department (\$4.09M) which is not carrying the cost to rent generating units from Aggreko, for which an insurance credit of \$5M was claimed. Coupled with the lag time for the commencement of budgeted engine overhauls in 2022, operating expenses (Net of Fuel) for the first three months of 2022 were lower than budget by 23.83 %.

Interest costs of \$0.61M in the first three months of 2022 were slightly behind 2021's \$0.64M.

System losses twelve months rolling average of 6.69% at March 2022 was slightly higher than the 6.36% on March 31, 2021. The lower system losses continue to have a positive impact on the fuel cost recovery rate. It is a key strategic driver for the Company and its importance cannot be over emphasized in the context of the challenging economic conditions under which the Company operates. Management monitors system losses closely with the view of keeping it as low as technically possible.

Fuel efficiency of 16.02 kWh per US gallon in the first three months of 2022 was above the 15.23 kWh per US gallon achieved in the same period last year and represents a 5.19% increase. This is a direct impact of the installation of the new Wartsila #4 engine and the discontinuance of the rental engines from Aggreko at the time. Notably, these units were not designed for base loads and are therefore less efficient than the unit that they replaced, resulting in a negative impact on fuel efficiency.

3. Disclosure about Risk Factors.

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

Major Risk

There are two (2) new emerging risks facing the company in 2022

Non-Fuel Rate Decrease

- In 2022, the decision was taken to grant customers a 25% reduction on the non-fuel charge for a period of six (6) months in the first instance. The average non-fuel rate of EC\$0.4022 is what the company utilises to fund its operating expenses and meet capital expansion costs and this reduction could adversely impact the company meeting its obligations

Fuel Prices

- The increase in fuel prices encountered from mid-2021 has continued into 2022 in a sustained and prolonged manner. For the first time in March 2022 the company's monthly fuel bill exceeded \$10M. The methodology of a 3-month rolling average for passing on fuel costs to customers has the potential to lead to under-recovery when fuel prices are rising. We have maintained a 97.71% fuel recovery rate YTD, but we envisage this could be threatened in the coming months should prices hold or even increase. We continue to monitor closely the movement in these prices and the potential risk that it poses to the company's profitability.

The other major risk factors facing the Company continue to be as follows:

- Hurricanes

As clearly established after Hurricane Ivan hit Grenada in 2004 when approximately 90 percent of our distribution system was affected, hurricanes continue to be the most immediate and significant risk being faced. This risk has been partially offset by the strengthening of the distribution system which has been made more robust in the rebuilding period after hurricanes Ivan and Emily. Further Notwithstanding, the distribution system is maintained in this condition by a consistent preventative maintenance program which includes regular pole inspection, and the replacement of deteriorated poles and the use of an infrared camera to detect failing high voltage connections. program. There is also a planned reconditioning program to upgrade conductors which are old and undersized. With each passing period that Grenada is not significantly affected by a hurricane, the Company's Hurricane Reserve increases, and presently it stands at \$32M which mitigates the main risk exposure associated with post-hurricane recovery. Additionally, the Hurricane Fund of \$32M is more than the pre-Ivan level of \$14M.

- The 2016 Electricity Supply Act, 2017 Electricity Act and the 2016 Public Regulatory Commission Act
The 2016 EA and the 2016 PURC Acts commenced on August 1, 2016. These Acts fundamentally alter the regulatory and operating framework. Section 71 of the 2016 ESA repealed the Electricity Supply Act, 1994 (ESA 1994). The 2016 ESA separates Generation and Distribution entities to allow competition in both the generation and distribution areas, and to increase renewable energy in electricity generation. The Act is silent on the issue of whether concessions on customs duties will continue as per the Electricity.

Discussions continue with the PURC on the new tariff and interim tariff via the draft tariff setting methodology regulation, the generation expansion and competitive procurement regulation.

4. Legal Proceedings.

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

There were no pending legal proceedings outstanding as at March 31, 2021 that could materially impact on the Company's position.

5. Changes in Securities and Use of Proceeds.

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

There were no changes in securities during the quarter ended March 31, 2021.

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

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

N/A

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

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer N/A

- Net proceeds of the issue and a schedule of its use

N/A

- Payments to associated persons and the purpose for such payments

N/A

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

None.

6. Defaults upon Senior Securities.

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

Payments of principal and interest to CIBC First Caribbean on loans of \$48.05M in March 2016 and \$3.72M in August 2019 and \$16M in March 2021, were made during the quarter ended March 31, 2022 as per the agreement.

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

Payment of dividends have been deferred pending a review of the policy.

7. Submission of Matters to a Vote of Security Holders.

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

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

None.

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

N/A

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

N/A

- (d) A description of the terms of any settlement between the registrant and any other participant.

N/A

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

N/A

Other Information.

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

None

GRENADA ELECTRICITY SERVICES
Statement of Financial Position as at March 31, 2022 - 2021 and December 31, 2021

	Unaudited March 31, 2022 EC \$	Unaudited March 31, 2021 EC \$	Audited December 31, 2021 EC \$
ASSETS			
Non Current Assets			
Property Plant and Equipment	122,199,681.67	101,017,903.03	123,437,646.83
Right to Use Assets	2,207,817.99	2,698,833.96	2,301,679.11
Suspense Jobs in Progress	1,385,278.44	1,602,806.28	1,205,525.30
Capital Work in Progress	1,992,712.75	13,696,642.26	1,551,354.00
	<u>127,785,490.85</u>	<u>119,016,185.53</u>	<u>128,496,205.24</u>
CURRENT ASSETS			
Inventories	25,210,407.11	24,226,608.03	24,599,345.36
Trade and Other Receivables	26,241,783.97	18,380,343.25	27,839,843.00
Income Tax Prepaid	1,373,708.98	1,340,876.65	1,262,392.84
Retirement benefits prepaid		72,774.11	
Financial assets at amortised cost	38,487,209.48	36,474,393.35	38,466,699.99
Cash and cash equivalents	21,211,110.92	11,687,229.25	12,235,244.00
	<u>112,524,220.46</u>	<u>92,182,224.64</u>	<u>104,403,525.19</u>
TOTAL ASSETS	<u>240,309,711.31</u>	<u>211,198,410.17</u>	<u>232,899,730.43</u>
SHAREHOLDERS EQUITY AND LIABILITIES			
SHAREHOLDERS EQUITY			
Stated Capital	32,339,840.00	32,339,840.00	32,339,840.00
Hurricane Insurance Reserve	32,000,000.00	30,500,000.01	32,000,000.00
Retained Earnings	45,494,347.06	44,120,104.62	42,527,512.52
Profit / (Loss) to Date after Dividends	2,618,520.44	(3,194,111.45)	2,966,834.54
	<u>112,452,707.50</u>	<u>103,765,833.18</u>	<u>109,834,187.06</u>
Non Current Liabilities			
Consumers' Deposits	18,332,030.22	17,545,000.26	18,408,587.07
Long-term Borrowings	35,397,533.23	31,683,499.91	37,031,524.92
Leased Liabilities	2,083,815.56	2,455,780.87	2,203,833.19
Deferred tax liability	13,807,933.09	11,856,573.67	13,807,933.09
	<u>69,621,312.10</u>	<u>63,540,854.71</u>	<u>71,451,878.27</u>
Current Liabilities			
Amount Due to Related Company		211,254.08	-
Short- term borrowings	9,535,313.22	7,801,427.94	6,535,966.66
Trade and other payables	32,868,774.48	22,581,132.37	30,951,889.70
Current portion of Lease Liabilities	347,783.25	344,896.85	327,128.46
Customers' contribution to line extensions	9,502,376.63	7,528,077.07	9,148,411.82
Provision for retirement benefits	206,678.13	-	210,057.70
Provision for Profit Sharing	5,774,766.00	5,424,933.97	4,440,210.76
Provision for income tax payable		-	
	<u>58,235,691.71</u>	<u>43,891,722.28</u>	<u>51,613,665.10</u>
TOTAL LIABILITIES	<u>127,857,003.81</u>	<u>107,432,576.99</u>	<u>123,065,543.37</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u>240,309,711.31</u>	<u>211,198,410.17</u>	<u>232,899,730.43</u>

GRENADA ELECTRICITY SERVICES
STATEMENT OF COMPREHENSIVE INCOME

For the Six months ended March 31, 2022 - 2021 and year ended December 31, 2021

	Unaudited March 31, 2022	Unaudited March 31, 2021	Audited December 31, 2021
<u>INCOME</u>			
Sales - Non Fuel Charge	17,860,925.75	19,532,990.72	85,498,701.50
- Fuel Charge	26,443,730.71	13,898,904.98	78,433,391.99
Unbilled Sales Adjustments	477,863.10	(79,519.33)	2,266,421.34
Net Sales	44,782,519.56	33,352,376.37	166,198,514.83
Other Income	637,305.88	830,222.98	12,074,514.02
TOTAL INCOME	45,419,825.44	34,182,599.35	178,273,028.85
<u>OPERATING COSTS</u>			
Production less Diesel Consumed	3,331,455.72	7,423,133.34	18,777,124.20
Diesel Consumed	27,057,146.67	15,661,020.20	83,822,602.81
Planning & Engineering	634,385.93	651,135.34	3,381,858.83
Distribution	3,723,131.19	4,046,190.07	19,327,846.34
TOTAL OPERATING COSTS	34,746,119.51	27,781,478.95	125,309,432.18
	7,688,972.84	# 12,120,458.75	# 41,486,829.37
<u>CORPORATE SERVICES</u>			
	4,243,582.95	4,646,280.87	22,250,767.65
PROFIT BEFORE INTEREST	6,430,122.98	1,754,839.53	30,712,829.02
<u>INTEREST</u>			
	11,932,555.79		
Bank Loan Interest	438,603.30	413,907.20	1,837,366.83
Other Bank Interest	-	470.28	5,167.78
Consumer Deposit Interest	172,069.56	228,144.57	697,045.35
TOTAL INTEREST COSTS	610,672.86	642,522.05	2,539,579.96
PROFIT AFTER INTEREST	5,819,450.12	1,112,317.48	28,173,249.06
<u>ALLOCATIONS</u>			
<u>Regulatory Fees</u>			
	740,405.00	962,323.00	1,924,646.00
Donations	237,285.58	(17,497.41)	1,231,615.42
Profit Sharing	1,334,555.24	673,179.88	5,671,886.42
TOTAL OTHER CHARGES	2,312,245.82	1,618,005.47	8,828,146.27
PROFIT BEFORE TAXES	3,507,204.30	(505,687.99)	19,345,102.79
Corporation Tax @ 28%	888,683.86	(281,576.55)	2,546,907.26
Deferred Tax			1,951,359.42
PROFIT AFTER TAXES	2,618,520.44	(224,111.44)	14,846,836.11
Dividends	-	2,470,000.00	9,880,000.00
Hurricane Insurance		500,000.01	2,000,000.00
RETAINED PROFIT to date	2,618,520.44	(3,194,111.45)	2,966,836.11

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Cash Flows

For the three months ended March 31, 2022 - 2021 and year ended December 31, 2021

	Unaudited March 31, 2022	Unaudited March 31, 2021	Audited December 31, 2021
Operating Activities			
Profit before Income Tax	3,507,204.30	(505,687.99)	19,345,101.22
Adjustments for:			
Depreciation	2,512,506.34	2,083,157.34	8,520,690.00
Amortization of customer contribution to line extension	(184,425.00)	(184,425.00)	(737,700.00)
Profit on disposal of fixed assets	(22,817.39)	(15,604.51)	(8,961,114.54)
	<u>5,812,468.25</u>	<u>1,377,439.84</u>	<u>18,166,976.68</u>
Changes in Operating Assets / Liabilities			
(Increase) / decrease in receivables and prepayments	1,598,059.03	(1,096,749.99)	(10,619,833.00)
Increase in trade and other payables	1,916,884.78	1,681,618.24	10,278,582.27
Increase/(decrease) in consumers' contribution to line Extensions-refundable	353,964.81	387,787.28	2,008,122.03
(Decrease) / Increase in provision for retirement benefits	(3,379.57)	(72,774.11)	210,057.70
(Increase) / Decrease in inventory	(611,061.75)	1,957,262.46	(8,067.00)
Increase in related company balance	-	211,254.08	-
Increase / (Decrease) in provision for profit sharing	1,334,555.24	660,891.17	(486,162.00)
	<u>10,401,490.79</u>	<u>5,106,728.97</u>	<u>19,549,676.68</u>
Income tax paid	(1,000,000.00)	(250,000.00)	(3,000,000.00)
	<u>9,401,490.79</u>	<u>4,856,728.97</u>	<u>16,549,676.68</u>
Cash provided by operating activities	<u>9,401,490.79</u>	<u>4,856,728.97</u>	<u>16,549,676.68</u>
Investing Activities			
Proceeds from Disposal of property plant and equipment	22,817.39	21,000.00	10,941,011.00
Decrease /(increase) in Suspense jobs in progress	(179,753.14)	(157,851.03)	491,013.90
(Increase) / decrease in Capital Work in Progress	(441,358.75)	(6,370,056.12)	5,775,232.14
(Increase)/decrease in financial assets	(20,509.49)	(22,242.90)	(2,014,550.00)
Addition to right to use assets	(0.00)		114,807.47
Purchase of property, plant and equipment	(996,255.03)	(708,658.86)	(31,059,578.51)
	<u>(1,615,059.02)</u>	<u>(7,237,808.91)</u>	<u>(15,752,064.00)</u>
Cash provided by/(used in) investing activities	<u>(1,615,059.02)</u>	<u>(7,237,808.91)</u>	<u>(15,752,064.00)</u>
Financing Activities			
Dividends paid	-	(2,470,000.00)	(9,880,000.00)
Payment of principal portion of lease liabilities	(99,362.85)	(122,917.27)	(289,743.00)
Proceeds from borrowings	-	5,950,000.00	16,200,000.00
Repayment of borrowings	(1,633,991.69)	(1,093,991.68)	(4,915,967.00)
Increase (decrease) in consumers' deposits	(76,556.85)	(267,605.31)	595,979.32
	<u>(1,809,911.39)</u>	<u>1,995,485.74</u>	<u>1,710,269.32</u>
Cash used in financing activities	<u>(1,809,911.39)</u>	<u>1,995,485.74</u>	<u>1,710,269.32</u>
Net Increase in cash and cash equivalents	5,976,520.38	(385,594.20)	2,507,882.00
Net cash - at the beginning of year	<u>12,235,244.00</u>	<u>9,727,362.19</u>	<u>9,727,362.00</u>
- at the end of period	<u>18,211,764.38</u>	<u>9,341,767.99</u>	<u>12,235,244.00</u>
Represented by			
Cash and cash equivalents	21,211,110.92	11,687,229.25	12,235,244.00
Bank overdraft	(2,999,346.54)	(2,345,461.26)	-
	<u>18,211,764.38</u>	<u>9,341,767.99</u>	<u>12,235,244.00</u>
Cash and cash equivalents	<u>18,211,764.38</u>	<u>9,341,767.99</u>	<u>12,235,244.00</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022

1. Corporate Information

Grenada Electricity Services Limited (the Company) is public and is registered in Grenada. It is engaged in the generation and supply of electricity throughout Grenada, Carriacou and Petit Martinique. The Government of Grenada owns the majority of its shares (71.4%) as of December 24th, 2020. For the 26 years prior, the Company was a subsidiary of Grenada Private Power Limited of which WRB Enterprises, Inc. was the majority owner.

The Company was issued a certificate of continuance under Section 365 of the Companies Act on November 8th, 1996.

The Company operates under the Electricity Act 19 of 2016 and has a licence for the exercise and performance of functions relating to the supply of electricity in Grenada. The Company is listed on the Eastern Caribbean Securities Exchange.

The registered office is situated at Grand Anse, St. George's, Grenada.

2. Basis of Preparation

The interim financial report for the period ended March 31, 2022, has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended December 31, 2021.

3. Significant Accounting Policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2021.

4. Use of Judgements and Estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the financial statements as at and for the year ended December 31, 2021.