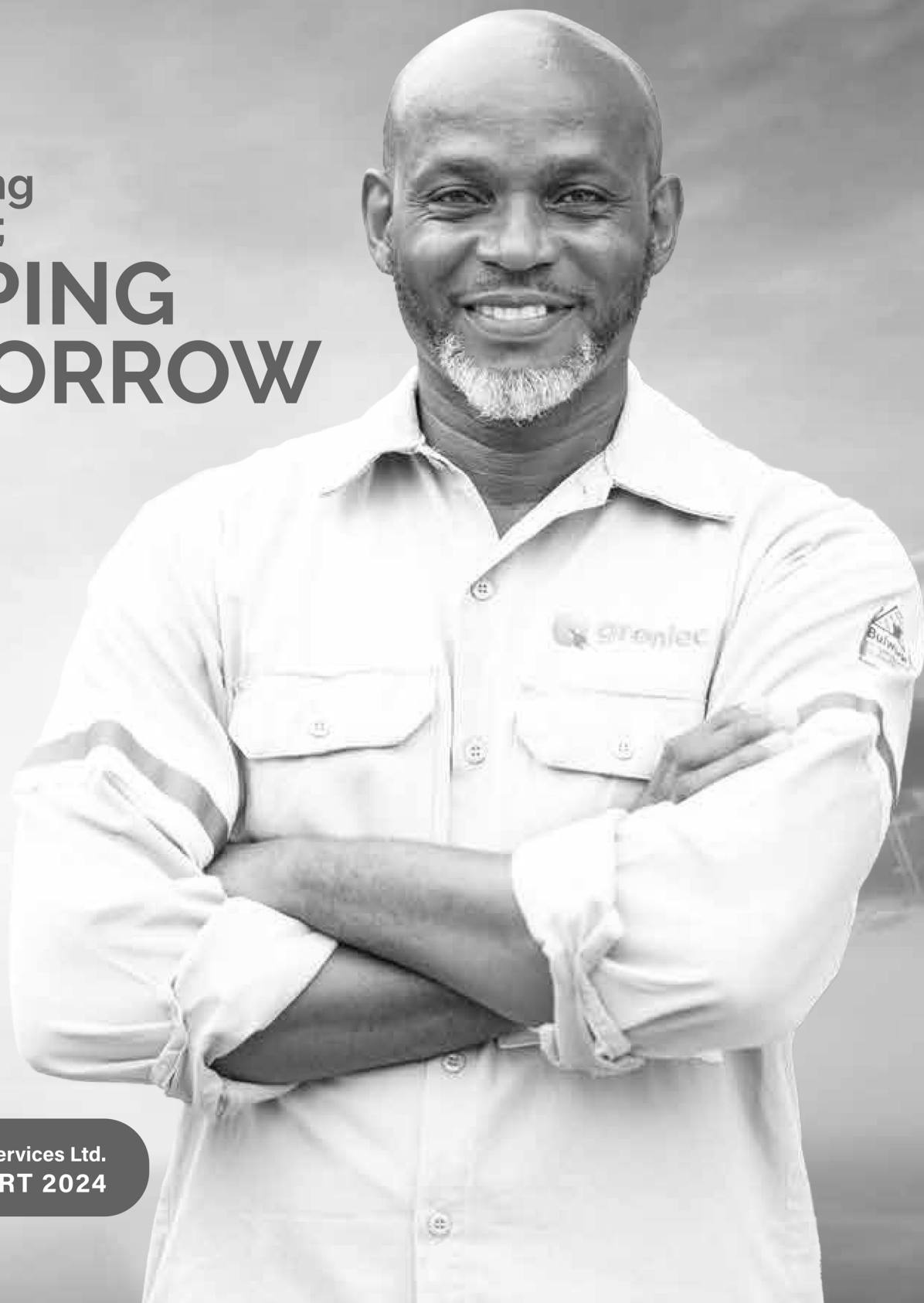


Weathering
the Storm;

SHAPING TOMORROW





Weathering the Storm; **SHAPING TOMORROW**

“Weathering the Storm, Shaping Tomorrow” reflects a year of disruption and determination — characterised by the commitment of all our people.

In the wake of the devastating Hurricane Beryl, our entire team came together to respond swiftly — restoring service, rebuilding infrastructure and supporting national recovery.

Even as we managed the crisis, we remained focused on our long-term goals: strengthening resilience, advancing renewable energy and finalising a new strategic plan to guide our future.

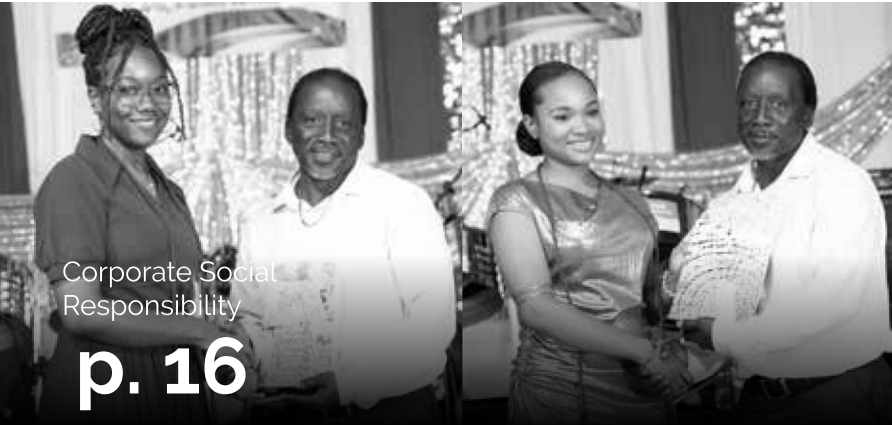
This theme celebrates not only the challenges we overcame, but also the way our people continue to shape a better tomorrow for our customers and our nation.

Celebrating
50 years
of
Independence



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\$7.6M
PRE-TAX PROFIT

284.99GWh
GROSS GENERATION

39.16MW
PEAK DEMAND

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CORPORATE INFORMATION

CORPORATE PROFILE

The Grenada Electricity Services Ltd. (Grenlec), a licensed provider of electricity in Grenada, Carriacou and Petite Martinique, is publicly traded on the Eastern Caribbean Securities Exchange (ECSE).

With a customer base of over 57,000, our Company has been providing integrated services of generation, transmission and distribution of electricity since 1960.

Grenlec is rising to the challenge of providing safe, reliable service by continually investing in service enhancement, its employees, infrastructure and communities.

DIRECTORS

(As at 31 December 2024)

James Pitt - Chairman

Teddy St. Louis - Vice Chairman

Lazarus Antoine

Allan Bierzynski

Dorsett Cromwell

Cyril Roberts

Andrea St. Bernard

Hugh Thomas

CHIEF EXECUTIVE OFFICER

Leroy A. E. Abraham

COMPANY SECRETARY

Lydia Courtney- Francis

REGISTERED OFFICE

Dusty Highway
Grand Anse
St. George
Grenada

BANKERS

ACB Bank Grenada
Grand Anse
St. George, Grenada

Grenada Co-operative Bank Limited
Church Street
St. George's, Grenada

Republic Bank (Grenada) Limited
Republic House
Grand Anse
St. George, Grenada

ATTORNEYS-AT-LAW

Afi Ventour & Co.
Grand Anse
St. George, Grenada

AUDITORS

Ernst & Young
Rodney Bay
Gros Islet
St. Lucia

Weathering the Storm

The year 2024 tested your Company and our country in ways few could have anticipated. Despite these exceptional challenges and the rapidly changing conditions in our sector, your Company remained profitable and registered some significant achievements.

BOARD OF DIRECTORS



James Pitt
Chairman



Teddy St. Louis
Vice Chairman



Lazarus Antoine



Allan Bierzynski



Dorsett Cromwell



Cyril Roberts



Andrea St. Bernard



Hugh Thomas



Shaping...

One of the most significant developments in 2024 was the crafting of a draft 2025–2028 Strategic Plan. The process was briefly paused to prioritise hurricane recovery, but resumed in early 2025 with renewed purpose and is now progressing toward approval and implementation.

CHAIRMAN'S REPORT



James Pitt | Chairman

It is my privilege to extend greetings to you as your Chairman.

The year 2024 tested our Company and our country in ways few could have anticipated. On 1 July, Hurricane Beryl caused widespread devastation to homes, infrastructure, and communities, damaging a sizable portion of our electricity infrastructure in the north of mainland Grenada, Carriacou and Petite Martinique. It was a stark reminder of both the power of nature and the vulnerabilities we face as a small island developing state.

Yet it also brought out the best in us. Our response was swift and united. I commend our line crews, engineers, administrators, support staff, and management for their tireless efforts to restore service.

Following the storm, our Company received a parametric insurance payout of \$25.06M from the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which supports governments and utilities after major disasters. These funds helped finance restoration, with the balance allocated to strengthen grid resilience.

We are grateful to our customers for their patience, and to the Government of Grenada, the Caribbean Electric Utilities Services Corporation (CARILEC), regional utilities and other partners whose support enabled us to complete full restoration within three months.

FINANCIAL PERFORMANCE

Despite exceptional challenges and a rapidly shifting energy landscape, our Company remained profitable in 2024, achieving record non-fuel dollar sales growth of 10.52%, up from \$99.26M in 2023 to \$109.70M. This growth helped offset higher operating costs, net of fuel, which rose from \$74.67M in 2023 to \$90.86M in 2024, due to increased generation maintenance and rental of emergency units.

Notwithstanding the sales growth, these pressures reduced profitability. Operating profit declined by more than 50%, from \$43.11M in 2023 to \$20.7M, while net profit fell to \$7.6M, down from \$21.29M in 2023.

In response, the Board reduced dividends from 40 cents per share to 32 cents per share. Retained earnings increased modestly to \$64.8M, up from \$63.30M in 2023, reflecting prudent financial management and long-term focus in a year of significant disruption.

ENERGY TRANSITION AND RELIABILITY

Our Company is at a critical turning point. Volatile diesel imports, aging power generation infrastructure and growing use of rooftop solar means that we must take bold steps to keep electricity affordable and reliable. Continued dependence on volatile diesel imports, reliability challenges, the astronomical cost of maintaining generators that are at or near end-of-life and high rates of electricity all threaten the long-term survival of our business. If we don't lower rates, many customers who can afford it will continue to move off the grid, further increasing costs for the remaining customers.

In August 2024, we secured 10 MW of rental generation to stabilise supply on mainland Grenada during a period of increasing demand and system stress. We continued an aggressive maintenance program to extend the life of our existing generation fleet while we finalize our long term generation strategy.

A TWO-PHASE TRANSITION TO REDUCE COSTS AND IMPROVE RELIABILITY

However, as I prepare my message in 2025, I am advising of a change in energy strategy to address pressing challenges. This shift is intended to protect the long-term viability of the Company and deliver meaningful relief to our customers.

We are exploring a two-phase plan focused on lowering electricity costs and improving energy security, while maintaining service standards.

PHASE ONE: A NEW LNG PLANT THROUGH PRIVATE INVESTMENT

Central to this plan is a shift to a new dual-fuel plant, which will be primarily fueled by liquefied natural gas (LNG), a cleaner, more efficient and more cost-effective fuel than diesel. The new plant will be built on the same site as the current Queen's Park plant, once the old engines are decommissioned. As this represents a major investment that exceeds our balance sheet capacity, we are issuing a Request for Proposals (RFP) to attract a private partner. This independent power producer (IPP) would potentially build, own and operate the new plant. GRENLEC would purchase the electricity through a long-term supply agreement and focus on delivering reliable electricity to our customers.

PHASE TWO: BUILDING FOR THE FUTURE, RENEWABLE ENERGY AND GRID RESILIENCE

Simultaneously, we are helping to lead the transition to renewable energy with plans to gradually make necessary, but costly investments in grid upgrades to facilitate renewable energy development. In 2024, we joined a multi-agency project together with the Government of Grenada and the World Bank to develop a utility-scale solar farm at Maurice Bishop International Airport (MBIA). Our responsibility includes building the Battery Energy Storage System (BESS) as well as a new substation and upgrading key parts of the transmission grid. This work is backed by a USD18.5M loan from the World Bank with an additional USD 6.0M loan and USD 3.0M grant from the Caribbean Development Bank (CDB) to fund half the cost of the BESS. Once completed, the project will facilitate the connection of a 15 MW Independent Power Producer ("IPP") solar power plant to the grid and boost energy reliability.

LEADERSHIP AND OUR PEOPLE

No recovery, progress or success is possible without dedicated people. I extend heartfelt thanks to our management and staff. Your commitment was the foundation of everything we accomplished in 2024.

Throughout the year, we continued investing in recruitment and training across technical, customer service and leadership areas to support our team members' professional development, performance and wellbeing. Following a serious workplace accident, which left a valued team member with long-term injuries, we intensified our focus on health and safety. We are also embracing new initiatives and increased training to promote a stronger safety culture, in which team members are encouraged to take responsibility for each other's well-being.

In October 2024, we welcomed Leroy A. E. Abraham, a Chartered Engineer and member of the Institution of Engineering & Technology, as our new Chief Executive Officer. He brings a wealth of experience, including previous leadership as CEO of the British Virgin Islands Electricity Company (BVIEC). His appointment marks an important step as we position the Company for its next phase of growth and transformation.

I also thank my fellow Directors for their guidance, and acknowledge our partners and shareholders for their ongoing support. Above all, we remain deeply grateful to our customers for trusting us to power your homes, businesses, and daily lives.

LOOKING AHEAD

In 2024, we made meaningful progress on the implementation of our new Customer Information System (CIS), designed to allow customers convenient account access and enhance our Company's e-commerce capabilities. This new CIS will be rolled out to customers in the latter half of 2025.

As part of our efforts to provide more timely, efficient, and environmentally responsible communication, annual reports, notices, and other shareholder updates will be delivered electronically. We encourage all shareholders to register an email address with the Eastern Caribbean Securities Exchange (ECSE) to ensure we have direct contact with you.

While 2024 brought extraordinary challenges, it also revealed the strength, resilience, and determination that define our Company. We are taking bold, strategic steps to reduce electricity costs, planning for new generation to replace aging infrastructure, supporting renewable energy integration and modernising our systems to ensure long-term value for our customers, shareholders and community. With a strong team and clear direction, we are confident in our ability to navigate the road ahead.

Thank you for your continued confidence and support.





Tomorrow

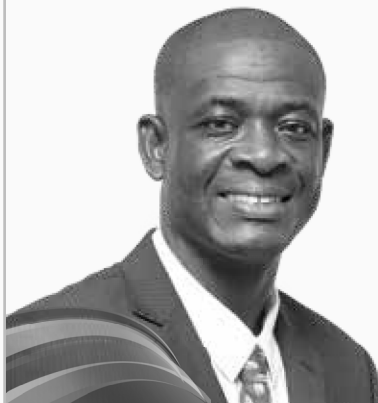
We are now pivoting to building a more resilient, modern electricity company. This means continuing to grow our people, investing in stronger infrastructure, embracing smarter planning, integrating advanced systems and collaborating with stakeholders.

MANAGEMENT TEAM



Leroy A.E. Abraham

Chief Executive Officer



Wallace Collins

Manager, Carriacou and Petite
Martinique



**Lydia
Courtney-Francis**

Financial Controller



Anthea Davis

Manager, People and
Organisation Development



**Prudence
Greenidge**

Manager, Corporate
Communications



Clive Hosten

Chief Engineer

Weathering
the Storm,
**SHAPING
TOMORROW**



Kennard Lalsingh

Manager, Planning and
Engineering



Jeffrey Neptune

Manager, Information
Systems



**Casandra
Slocombe**

Manager, Customer Services



Nigel Vidal

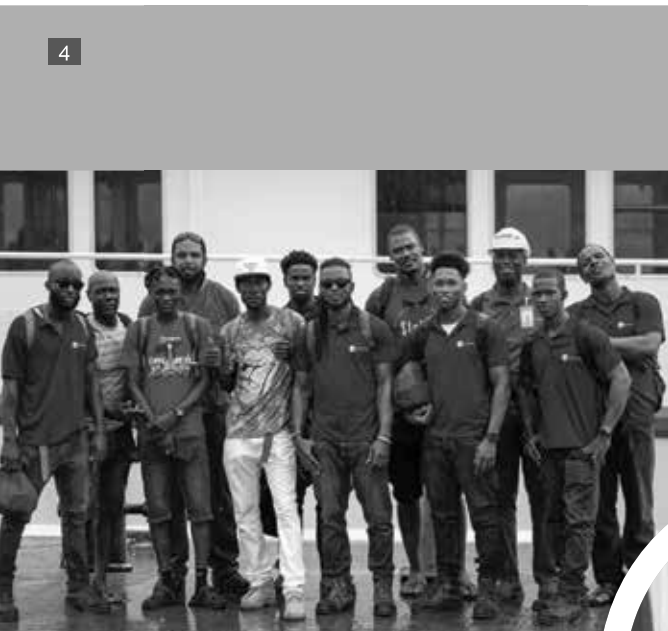
Ag. Manager, Generation



Eric Williams

Manager, Transmission
& Distribution

Weathering
the Storm,
**SHAPING
TOMORROW**





10



12

11



13



14

15



Grand Prize Winners

#1

#2

17

16



18

1. Equipment loaded on a barge headed to Carriacou.
2. Traditional Mas 2024.
3. GCPI - Carifta Partners.
4. Hurricane Restoration - Grenlec and CARILEC utility team members.
5. Restoration work in Carriacou.
6. GCPI - Lion's Ole Mas
7. As joint recipients of the 2024 TAMCC Award for Best Graduating Student in Electrical Technology, Angel and Jaycille received starter tool kits from Grenlec. They are the first female recipients of the award.
8. Positive Energy Programme (PEP) - GCPI Partnership with Reach Within
9. GCPI - Annual support of the award winning Grenada team to the Chelsea flower show.
10. Transmission and Distribution line maintenance and Upgrades - Red Gate.
11. Scenes from Carriacou following the passage of Hurricane Beryl.
12. Angel receiving her award 2024 TAMCC Award. She is among the first female recipients of the award.
13. Carriacou restoration work.
14. GCPI - South St. George Home Economics Center refurbishment.
15. Transmission and Distribution line maintenance and Upgrades - Coconut Row
16. Pay, Win, Celebrate Grand Prize Winners.
17. GCPI - Annual support of the award winning Grenada team to the Chelsea flower show.
18. Hurricane Restoration - Grenlec and CARILEC utility team members.

MANAGEMENT REVIEW AND ANALYSIS

HIGHLIGHTS

9.75%
kWh Sales Growth

\$252.6M
REVENUES

\$7.6M
PRE-TAX PROFIT

284.99GWh
GROSS GENERATION

39.16MW
PEAK DEMAND

18.65kWh/IG
FUEL EFFICIENCY

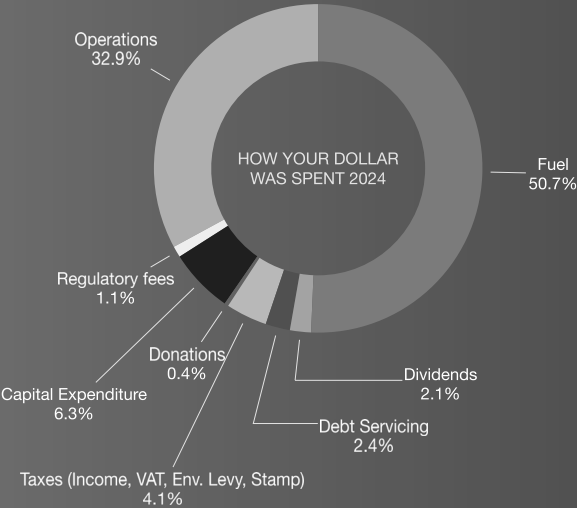
\$33.91M
HURRICANE RESERVE

6.32%
SYSTEM LOSSES

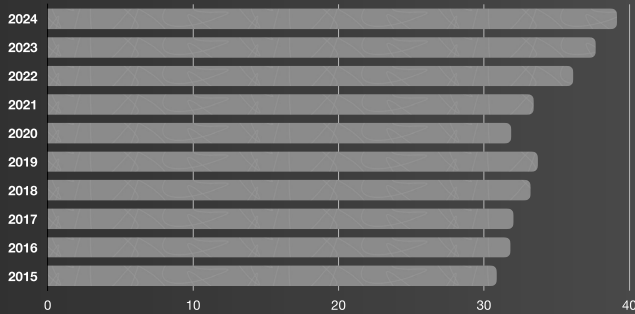
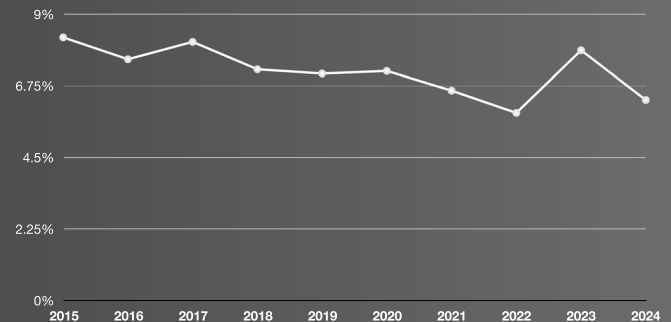
\$1.16M
GRENLEC COMMUNITY PARTNERSHIP INITIATIVE (GCPI)

\$0.40
EARNINGS PER SHARE

HOW YOUR DOLLAR WAS SPENT 2024



Fuel	149,029,641
Dividends	6,080,000
Debt Servicing	7,076,464
Taxes (Income, VAT, Env. Levy, Stamp)	11,949,667
Donations	1,163,994
Capital Expenditure	18,661,157
Regulatory fees	3,231,392
Operations	96,798,324
TOTAL	\$293,990,639

PEAK DEMAND 2015-2024**SYSTEM LOSSES**

Peak demand increased to 39.16 MW in 2024 from 37.67 MW in 2023. System Losses were 6.32%, trending downward from the high of 7.86% in 2023.

OVERVIEW

In 2024, Grenlec demonstrated continued resilience even as environmental and other disruptions impacted our Company's operations and performance. Most notably, the devastation of Hurricane Beryl was significant and is still being felt by some of our customers.

Despite these realities, our Company remained steadfast in its commitment to delivering reliable electricity and creating long-term value for its stakeholders.

As Grenada's electric utility, our commitment to service is rooted in a deep sense of national responsibility. Our mission is to power progress, supporting the needs of every home, school, hospital, business and government services. In 2024, our dedicated teams worked diligently to maintain reliability, advance our renewable energy goals and support our community. We are pleased to share a summary of our operations, key achievements and areas of focus throughout the year.

POST-HURRICANE BERYL RESTORATION EFFORT

When the all-clear was given, following Hurricane Beryl's passage on 1 July 2024, our teams quickly began assessing damage across our three-island service area. Due to the intensity of the winds, all power systems had been shutdown during the hurricane's landfall. By end of day one, the power system had been inspected and restarted at Queen's Park and power had been restored to nearly 60% of the mainland. Within one week, power was restored to 97% of customers on mainland Grenada. Restoration efforts in week two focused on the hardest-hit areas of the mainland, namely St. Patrick and parts of St. Andrew.

Impact on Carriacou and Petite Martinique

Hurricane Beryl devastated Carriacou and Petite Martinique, destroying 85% and 90% of the distribution networks, respectively. In Petite Martinique, roof damage to the engine hall necessitated urgent repairs to protect key equipment.

Restoration & Resilience

By year-end, 98% of the distribution network in Carriacou and Petite Martinique had been rebuilt with:

- 2,362 customers (58%) in Carriacou reconnected
- 145 customers (45%) in Petite Martinique reconnected

While the network was largely restored, many customers could not yet be reconnected due to damage to their homes and businesses. Rebuilding continues into 2025 and we remain committed to supporting the process.

Staff from across our company—alongside retirees and contractors—rose to the challenge, working tirelessly to make the recovery possible. Special thanks to our team members from Carriacou and Petite Martinique, who showed up for our customers despite their personal hardships. Our line technicians shone throughout the restoration, working long hours under difficult conditions. The team in Grenada worked with the team in Carriacou, coordinating logistics, equipment, manpower, transportation, meals and outfitting housing for relief workers supporting restoration in Carriacou.

Regional Support: CARILEC Mutual Assistance

We thank the Caribbean Electric Utility Services Corporation (CARILEC) and regional utilities, LUCELEC, BLPC, DOMLEC, T&TEC, VINLEC, SKELEC, and NEVLEC for their critical assistance.

Their crews, tools and vehicles from T&TEC boosted our capacity and helped accelerate restoration. Our company has proudly supported CARILEC's Mutual Assistance Programme during past regional emergencies and we were grateful to benefit from that solidarity.

Community Spirit

We are deeply grateful to our customers, suppliers, Government and private sector partners in Grenada and further afield for their support and contributions. The goal to complete restoration by end of October was an extremely challenging feat. Our success was a powerful testament to the strength and unity of all our people, neighbours and friends working together.

OUR PEOPLE

In fact, none of what we achieved in 2024 would have been possible without our people. Our employees responded to adversity with professionalism and heart, especially during the post-hurricane restoration effort. Our customers showed tremendous patience and our wider stakeholder community stood firmly with us during a demanding period. For that, we are truly grateful.

In 2024, we remained committed to building a strong, skilled workforce. Training and professional development continued to play a central role with employees participating in a range of programmes designed to strengthen leadership, technical expertise and service excellence.

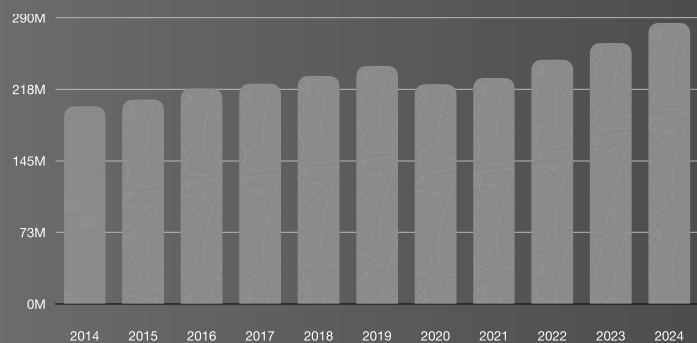
Key initiatives included Leadership Transformation Training for 40 team members as well as staff participation in regional and international fora, the Caribbean Renewable Energy Forum (CREF), training in energy storage and procurement. These opportunities allowed employees to deepen their knowledge, stay informed of industry trends and contribute to innovation within our company.

The year also saw the successful completion of our two-year Line Technician and Generation Apprenticeship Programmes. Importantly, 14 Line Technicians and 7 Mechanics were hired directly from these programmes, reinforcing our technical capacity with homegrown talent trained to our standards.

We also welcomed new recruits in key functional areas, including executive leadership, engineering, customer service and operations. These appointments further strengthened our ability to meet customer needs and advance critical projects.

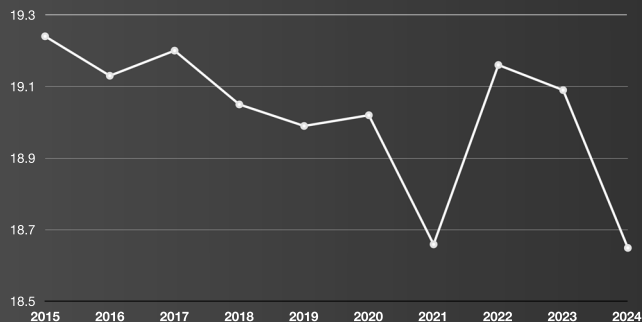
As of December 31, 2024, our permanent staff complement stood at 231. We also marked the retirement of five long-serving employees, whose contributions have helped build the company we are today.

GROSS GENERATION



2024 marks 3 years of consecutive growth in gross generation and has increased to 284,989,253 in 2024, up from 264,236,511 in 2023.

FUEL EFFICIENCY



Fuel efficiency recorded another year of decline from 19.09 in 2023 down to 18.65 in 2024

FINANCIAL REVIEW

Sales

Growth in kilowatt-hour (kWh) sales continued in 2024, reaching the highest levels on record for the Company. This marked the third consecutive year of unprecedented sales expansion, following strong performances in 2022 and 2023. Each month of 2024 outpaced the same period in 2023 and exceeded all prior years in terms of kWh sold.

Total kWh sales, including customer renewable energy, grew by 9.75% (20.56 million kWh) over 2023. The Commercial sector, representing 56% of total sales, led with a robust 10.68% increase (14.25 million kWh). The Domestic sector, which accounted for 39% of total consumption, followed with 8.48% growth (7.91 million kWh), while the Industrial sector (3% of consumption) registered significant growth of 14.51% (1.03 million kWh). Improved efficiency in street lighting technology contributed to a 1.13% (41.5 thousand kWh) reduction in consumption in that category.

Customer Categories	2024 GWh	2023 GWh	% Change
Commercial	147.69	133.44	10.68%
Domestic	101.16	93.25	8.48%
Industrial & Street Lights	11.73	10.74	9.20%
Total	260.57	237.43	9.75%

Customer Numbers

Number of Customers	2024	2023	Decrease
	57,054	57,778	1.27%

The Company experienced a temporary but significant decline in customer numbers due to Hurricane Beryl, which made landfall in July 2024. The event resulted in the temporary loss of the complete customer base on Carriacou and Petite Martinique, 4,104 customers (5.3% of the total customer count).

By year-end, service had been restored to 2,378 customers in the affected area. Despite these efforts, the total customer base declined by 723. The Company remains focused on full restoration and enhancing system resilience in impacted communities.

Revenue Performance

Total income for the year was \$252.6M, virtually unchanged from \$252.7M in 2023. While non-fuel revenue increased by 10.5% to \$109.7M, this was eroded by a 5.5% decline in fuel charge revenue to \$141.0M, due to the downward trend in world fuel prices and the application of the fuel adjustment clause. Other income increased to \$4.6 million compared to a \$2.8M increase in 2023. The 2024 rise was bolstered by insurance recoveries from the Caribbean Catastrophic Risk Insurance Facility (CCRIF) and gains on miscellaneous operations.

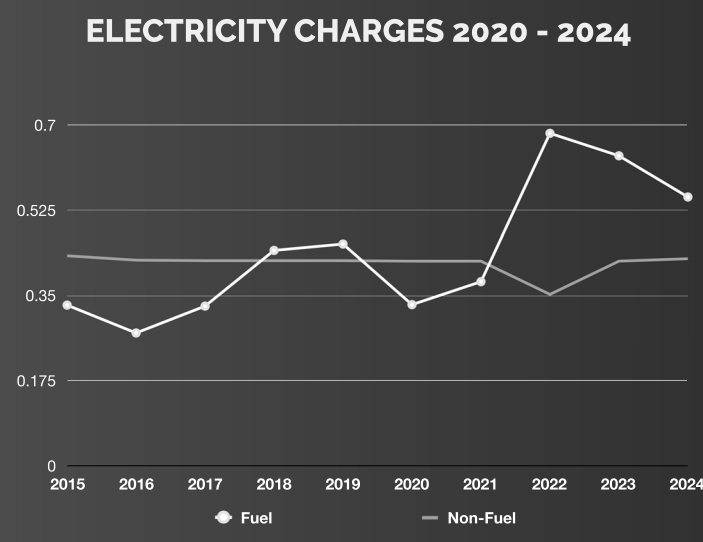
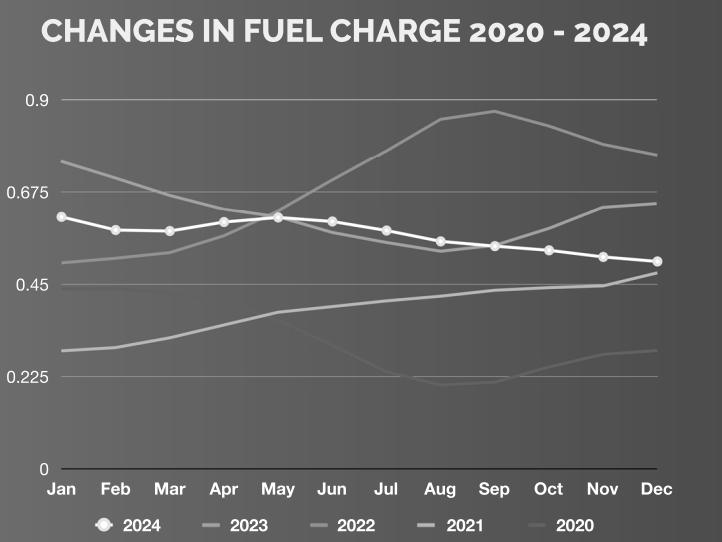
Customers continued to benefit from the Fuel Adjustment Clause (FAC), with cost reductions from lower global fuel prices passed through monthly.

Total Revenues

Non-fuel revenues grew by 10.52% over 2023, primarily driven by the 9.75% increase in kWh sales. However, unbilled revenue had a negative result of (\$2.75M), influenced by the formula used to calculate it and the unbilled days for electricity consumed at year-end. Sundry revenues exceeded 2023 by 64.28%, largely due to the release of deferred income from Caribbean Catastrophic Risk Insurance Facility (CCRIF) into the Statement of Comprehensive Income.

The average electricity charge for 2024 decreased to \$1.02 per kWh sold, compared to \$1.10 in 2023, representing a 7.75% decline. This contrasts with an increase of 2.80% in 2023 and the significant 23.84% rise in 2022.

	2024	2023	Change from 2023-2024	Notes
Total Revenues (EC\$M)	252.60	252.69	0%	Growth in kWh sales and the allocation of deferred revenues to match hurricane costs, offset by lower fuel revenues
Average Fuel Price/Imperial Gallon paid by Grenlec (EC\$)	9.38	9.91	-5.35%	A marked reduction in world fuel prices over 2023
Average Fuel Charge Paid by Customers (EC cents)	55 cents/kWh	64 cents/kWh	9 Cents	Fuel charge reduction of 14.06% as a direct relation to the fuel price
Revenue from Non-Fuel Charge (EC\$M)	109.70	99.26	10.52%	A \$10.44M increase in revenue, which reflects the increase in kWh sales to customers.



Changes in Fuel Charge 2020-2024					
Month	\$per kWh	\$per kWh	\$per kWh	\$per kWh	\$per kWh
	2020	2021	2022	2023	2024
January	0.4382	0.2884	0.5042	0.7496	0.6145
February	0.439	0.2963	0.5153	0.7092	0.5829
March	0.4286	0.32	0.5288	0.6672	0.5805
April	0.4087	0.3511	0.5693	0.6334	0.6021
May	0.3623	0.382	0.6287	0.6148	0.6131
June	0.3021	0.3957	0.7034	0.577	0.6034
July	0.2372	0.4096	0.775	0.553	0.5817
August	0.2055	0.4209	0.8523	0.5321	0.5557
September	0.2122	0.4353	0.8718	0.5463	0.5443
October	0.2491	0.4417	0.8359	0.587	0.5343
November	0.2799	0.4459	0.7911	0.6378	0.5184
December	0.2893	0.4775	0.7648	0.6471	0.5076

The fuel charge at the end of 2024 was \$0.14 lower than at the end of 2023

Operating Expenses and Profitability

Operating expenses rose to \$231.9M, up from \$209.6M in 2023. This was driven primarily by:

- A 53.8% increase in production expenses to \$39.0M, due primarily to overhaul and maintenance of the generating plant and the rental of temporary generating sets beginning in August 2024.
- Despite an overall decline in per-gallon prices, higher diesel consumption costs totaled \$141.0M, reflecting the higher consumption of kWh units by our customers.

Non-fuel operating expenses totaled \$90.86M, compared to \$74.67M in 2023. The main driver was the \$13.63M increase in production expenses. Departmental performances varied: Administration saw a 4.60% increase,

Transmission & Distribution reported 7.75% increase, and Planning & Engineering reduced expenditure by 7.32%. As a result, operating profit declined by more than 50% to \$20.7M (2023: \$43.1M). After finance costs, regulatory fees and employee profit-sharing allocations, net profit stood at \$7.6M, a 64.5% decline from the \$21.3M reported in 2023.

Balance Sheet and Capital Management

Total assets rose to \$275.58M in 2024, underpinned by the Company’s ongoing investment in infrastructure. Property, plant, and equipment increased by \$6.5M, net of depreciation, signaling Grenlec’s focus on long-term resilience and capacity enhancement.

The return on capital invested slipped to 11%, largely due to increased operating costs and a decline in profitability.

The Company maintained a solid capital structure:

- Total equity increased to \$131.0M from \$129.6 million in 2023.
- Debt repayments of \$7.1M reduced total borrowings to \$24.0M; no new debt was incurred.
- The Hurricane Insurance Reserve remained fully funded at \$33.9 million, conservatively invested.

Grenlec’s balance sheet reflects prudent financial management, enabling the Company to self-fund critical projects while sustaining shareholder dividends of \$6.1 million.

Financial Position

Category	2024 EC\$M	2023 EC\$M	Change from 2023-2024	Notes
Total Assets (EC\$M)	275.58	255.18	7.99%	Almost 8% increase year on year and is a reflection of the capital investments
Total Liability (EC\$M)	144.56	125.62	15.08%	Net effect of increase in deferred Income and other current liabilities
Net Assets (EC\$M)	131.02	129.56	1.13%	Net effect of assets and liabilities
Retained Earnings (EC\$M)	64.78	63.30	2.34%	Overall profitability during the year
Return on Invested Capital	11%	22%	-11.00%	Increased expenditure and lower profitability

Cash Flows

The Company generated net cash inflows from operations of \$35.9M in 2024, down from \$42.2M in 2023, but still strong given the challenges of the year. Capital investments accounted for \$18.4M, primarily directed toward restoration and infrastructure upgrades. Financing outflows totaled \$12.6M, reflecting both debt service and dividend payments.

As a result, the Company closed the year with \$21.5M in cash and cash equivalents, marking a 29% increase from \$16.7M in 2023. This total includes the CCRIF fund, which will be allocated toward building resilience across the electricity network.

Debtor days outstanding (DSO) remained stable at 31.60 days, slightly down from 32.44 in 2023. This consistency reflects the effective work of the Company’s collections team in maintaining receivables performance.

	2024	2023	Change from 2023-2024	Notes
Trade Receivables (EC\$M)	\$22.89M	\$23.19M	-1.29%	Lower debt due to lower fuel rate and increased collections and management of the debt.
Debtor Days Outstanding	31.60	32.44	Decreased by 0.84 days	Measures the time taken to collect on credit sales.

REGULATORY AND RISK MANAGEMENT UPDATE

While the Interim Tariff Methodology remains in effect, Grenlec has made significant progress with the Cost of Service Study. The Consultants will present the results to the Public Utilities Regulatory Commission (PURC), following which the PURC will provide feedback to the Company.

Risk Management

The Company faces a range of risks, chief among them being natural disasters, regulatory changes and cybersecurity threats. Grenlec proactively mitigates these risks through strategic planning, investment in resilience, and insurance coverage.

Hurricanes

In July 2024, Hurricane Beryl struck as a Category 5 hurricane, causing severe damage to the electricity network in the northern part of the island and completely destroying the electricity network in Carriacou and Petite Martinique. Thanks to coverage under the Caribbean Catastrophic Risk Insurance Facility (CCRIF), the Company received a payout of \$25.06 million. These funds were used to cover the cost of restoration.

Importantly, the CCRIF payout allowed the Company's Hurricane Insurance Reserve to remain untouched at \$33.91M, preserving a crucial buffer for future events. This approach demonstrates the effectiveness of layered risk strategies that combine insurance with dedicated reserves.

Cybersecurity

In response to growing cyber threats, the Company strengthened its security posture in 2024 by implementing a range of infrastructure and policy improvements. As an additional protective layer, Grenlec subscribed to cyber security insurance for the first time in 2025, enhancing its toolkit against digital threats.

Our team members remain the first line of defense in the Company's cyber architecture. All employees now participate in mandatory monthly cybersecurity training to reinforce awareness and maintain a strong internal security culture.

COMMITMENT TO SAFETY

The year 2024 presented both challenges and progress in the company's ongoing commitment to health, safety, and environmental responsibility. A workplace accident occurred during the year, resulting in serious injuries to a team member. This incident prompted an internal review and efforts are underway to implement the resulting safety recommendations.

Despite this setback, several departments marked major milestones, recording 2,000 and even 3,000 days without a workplace accident that resulted in loss time.

As part of ongoing efforts to enhance workplace safety, the company expanded its training programmes, delivering comprehensive first aid training across departments. This proactive measure strengthens our emergency response capabilities.

Safety and environmental stewardship continue to be core values. Looking ahead, the company remains focused on strengthening safety systems, deepening employee training, and fostering a culture of vigilance, preparedness, and environmental responsibility.

These key company-wide safety performance indicators are measured against Occupational Health and Safety Administration (OSHA) standards to assess and improve workplace health and safety.

Safety Metric	2024 Value	Performance Status
Lost-Time Injury Frequency Rate	1.125	Slightly Above Target
All Injury Frequency Rate	1.54	Moderate
Lost-Time Injury Severity Rate	24.2	High
Vehicular Incident Frequency Rate	3.96	High

RENEWABLE ENERGY (RE)

The table below shows the changes in key metrics used to demonstrate the progress towards Renewable Energy generation from 2023 to 2024 (for both Grenlec and Customer installations). The reduction from Grenlec RE generation was mainly due to maintenance challenges and damages sustained by hurricane Beryl which required some systems to be taken offline. However, the total Renewable Energy generation (kWh) increased by 5.8% due to customer interconnections.

RE Benefits					
Metric	Unit	2023	2024	Increase	Growth Rate
Grenlec RE Interconnection Capacity	MWp	1,119.39	1,119.39	0.00	0.0%
Customer RE Interconnection Capacity	kWp	3,934.54	4,830.73	896.19	22.8%
Total RE Interconnection Capacity	kWp	5,053.93	5,950.12	896.19	17.7%
Grenlec RE Generation	kWh	1,274,083	1,181,925	-92,158	-7.2%
Customer RE Generation	kWh	2,957,330	3,293,536	336,206	11.4%
Total Net RE Generation	kWh	4,231,413	4,475,461	244,048	5.8%
Total Net Diesel Generation	kWh	254,299,311	274,618,974	20,319,663	7.99%
Total Net Generation (Diesel + RE)	kWh	258,530,724	279,094,435	20,563,711	7.95%
RE penetration	%	1.66%	1.65%	-0.01%	-0.8%
Average homes supplied	no. of homes	2,350.78	2,486.37	135.59	5.8%
Avoided diesel quantity	USG	265,236	282,411	17,175	6.5%
Avoided CO2 Emissions	kg	2,690,791	2,865,030	174,239	6.5%
	metric tonnes	2,691	2,865	174	6.5%
Peak Demand (Gross)	MW	37.77	39.15	1.38	3.7%
Grenlec RE % of peak demand	%	2.96%	2.86%	-0.10%	-3.4%
Combined RE % of peak demand	%	13.40%	15.20%	1.80%	13.4%

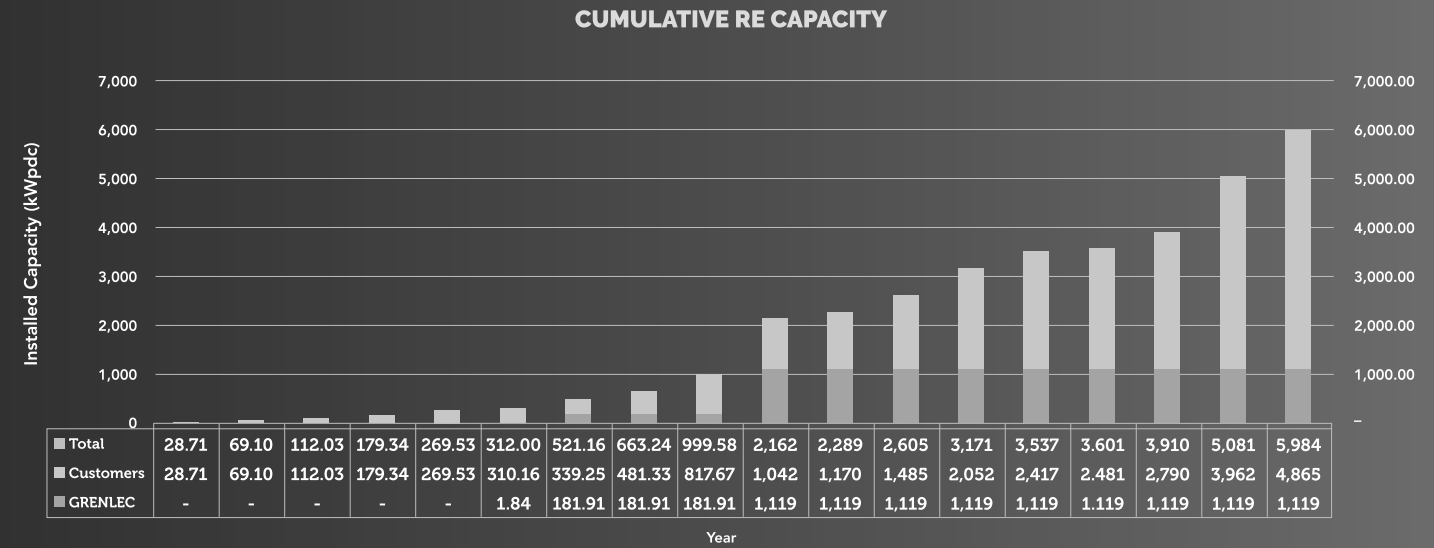


Figure 1: Cumulative Renewable Energy Capacity

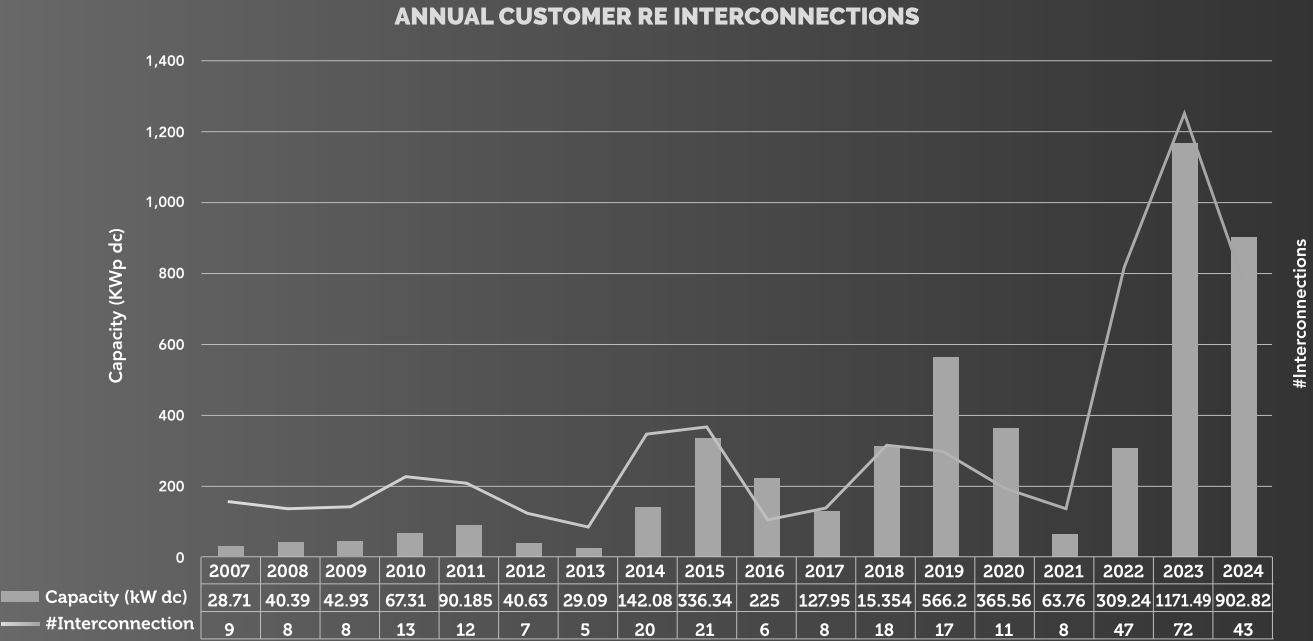


Figure 2: Annual Number of Customer RE Interconnections

Customer RE Interconnection Program

Grenlec commissioned 43 new RE interconnections in 2024 under the PURC RE programs. Forty-two (42) under the self-generation program and two (2) under the Small Scale IPP program, adding 902.82 kWp to the total installed capacity. The total number of RE systems interconnected with Grenlec stood at 333 at the end of 2024.

EXPANDING RENEWABLE ENERGY

Another major milestone in 2024 was the successful conclusion of negotiations between the Government of Grenada, the World Bank and Grenlec for USD 18.5M in financing to support the Battery Energy Storage System (BESS) and Transmission Line project. This infrastructure will enable the integration of a 15 MW Solar IPP photovoltaic plant, targeted for commissioning by mid-2027. Additionally, the Caribbean Development Bank (CDB) is expected to contribute approximately USD 8.5 million to cover 50% of the BESS cost. In 2025, the Company will engage technical consultants to support the procurement process for various project components, with the BESS contract anticipated to be signed before the end of the year.

Customer Renewable Energy (RE) Interconnection Programme

In 2024, Grenlec commissioned 44 new renewable energy interconnections. This includes 42 installations under the Self-Generation Programme and two installations under the Small-Scale IPP Programme, collectively contributing an additional 902.82 kWp to the grid.

By the end of 2024, the total number of interconnected customer-installed RE systems reached 333, reflecting ongoing customer engagement and growing confidence in distributed generation.

Commissioning of Solar PV Small-Scale IPPs

In November 2024, the two Solar PV Small-Scale IPPs were commissioned by Grenlec, each with an alternating current (AC) capacity of 100 kW. These systems are integrated into the monitoring framework via the Power Monitoring Expert (PME) platform, utilising a Fortinet Firewall and an ION 7400 energy meter.

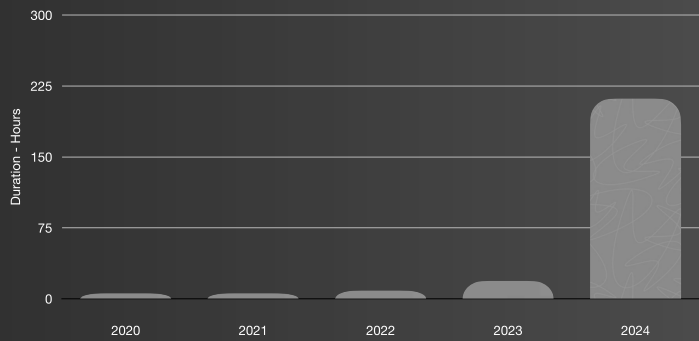
Although smaller in size than the standard three-phase meter, the ION 7400 complies with key international metering standards, including ANSI C12.1 2014 for revenue metering, ensuring accuracy and reliability in performance tracking.

ENHANCING CUSTOMER SERVICE AND RELIABILITY

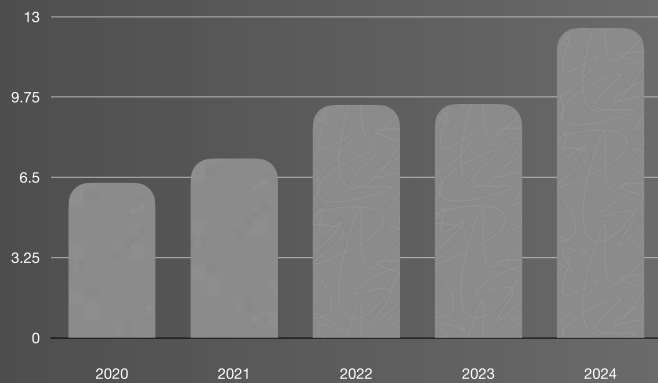
Our customers remain at the heart of everything we do and 2024 underscored the importance of delivering reliable electricity under even the most trying conditions.

We are also progressing with initiatives to modernise customer service platforms, improve communication and expand payment options. These enhancements are part of a broader strategic goal to create a more customer-centric experience where responsiveness and reliability define our service.

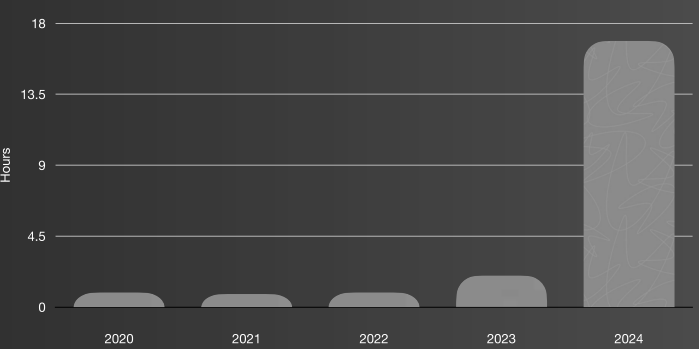
SAIDI - SYSTEM AVERAGE INTERRUPTION DURATION INDEX



SAIFI - SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX



CAIDI - CONSUMER AVERAGE INTERRUPTION DURATION



Reliability statistics significantly impacted by Hurricane Beryl

Company-Wide CIS Implementation

In 2024, the company continued its enterprise-wide implementation of a new cloud-based Customer Information System (CIS), a transformative project that began in 2023 following a rigorous vendor selection and negotiation process. The CIS is designed to modernise how we serve customers across all departments.

Foundational systems and protocols were established to enable a secure and iterative transfer of data from the legacy platform to the staging environment. Critical project management tools were also deployed to guide the execution phase. By year-end, significant configuration work had been completed on the new system, positioning the company for a 2025 go-live.

The CIS will ultimately provide customers with more timely, modern and flexible service options while supporting efficiency better data-driven decision-making and enhanced service delivery company-wide.

IT Advancements Supporting Customer and Operational Excellence

As part of ongoing digital improvements, the company migrated its legacy document management platform to Microsoft SharePoint, redesigning workflows to streamline document digitisation, storage and retrieval.

The company also completed a full upgrade of its primary data centre, incorporating state-of-the-art networking, processing and storage infrastructure. This investment has significantly improved system performance and reliability. Additionally, a new high-availability firewall array now safeguards data assets and facilitates internet access through multiple secure paths, while enabling more sophisticated access management.

Fire Detection and Suppression

In October 2024, a Fire Detection and Suppression System was installed in the Server and Electrical Rooms of the Planning & Engineering building, in compliance with National Fire Protection Association (NFPA) standards. These rooms house critical equipment, including backup servers for the Information Systems Department and core servers for the SCADA distribution system. This installation significantly enhances the company's disaster readiness.

Digital Accessibility: Mobile App Growth

Customer convenience was further advanced through continued customer adoption of the Grenlec Mobile App. By December 2024, 47.2% of customers had registered and were actively using the app to:

- Access bill balances and payment history
- Track electricity usage
- Report service faults
- Receive real-time outage notifications

Strengthening Infrastructure and Operational Resilience

To further stabilise supply on mainland Grenada, we secured 10 MW of rental generation units in August 2024. These units provide critical support during peak demand and system recovery, helping us reduce outages and maintain customer confidence.

Replacement Generation Project

While our long-term focus is on transitioning to renewable energy, firm capacity from traditional generation remains essential to grid reliability.

In support of this, in September 2024 the Public Utilities Regulatory Commission (PURC) granted conditional approval for the purchase of 19.4MW in generation capacity to replace aging units scheduled for decommissioning at the Queen's Park Power Plant. However, it withheld approval for any liquid natural gas (LNG) infrastructure pending further studies.

The approval followed key derisking activities, including completion of an Environmental and Social Impact Assessment (ESIA) for the proposed generation site at Queen's Park.

Throughout the remainder of the year, work progressed on finalising the contract with the selected dual-fuel generation contractor, WARTSILA and on securing the land for the project, which will enhance generation efficiency and long-term reliability.

Control Room Expansion

In May 2024, the Control Room was expanded and redesigned to improve functionality and monitoring capacity. The video wall was upgraded to include 14 monitors, allowing Operators greater visibility of the SCADA network and improving response coordination and situational awareness.

Substation Maintenance and Network Upgrades

The Company completed its scheduled biennial Substation Maintenance Programme between February and May 2024, ensuring continued reliability of service. Maintenance at the Queen's Park and Grand Anse substations covered:

- Step-up (11/33 kV) and Step-down (33/11 kV) Power Transformers (6 units)
- 33 and 11kV Circuit Breakers
- Switchgear and switchgear enclosures
- Battery Backup Systems
- Relays and associated control devices

This programme complements ongoing monthly and annual maintenance efforts.

On the Transmission and Distribution (T&D) network, major upgrades were completed on parts of the Gouyave and Woodlands infrastructure. Approximately 20,250 feet of 175mm² conductor replaced outdated 50mm² and 100mm² lines, greatly enhancing capacity and reliability. Work on the Woodlands line will continue into 2025, supporting new development projects.

CORPORATE SOCIAL RESPONSIBILITY

Empowering Communities, Inspiring Futures

In 2024, a total of \$1.16M was invested in community activities through the company's Corporate Social Responsibility (CSR) programme.

Established in 1994, the Grenlec Community Partnership Initiative (GCPI) has positively impacted a broad cross-section of communities. Through strategic collaborations, it continues to foster development in the following focus areas:

Core Areas of Support

- Education
Backing broad-based development programmes for schools and the wider population, with the aim of strengthening the nation's human resource capital.
- Science, Technology, and Energy
Supporting innovation-focused initiatives and projects that promote awareness and sustainability in these critical fields.
- Social Services & Community Development
Funding developmental and infrastructural projects designed to deliver lasting benefits to qualifying communities.
- Sport
Providing assistance to developmental initiatives led by umbrella sporting associations and other recognised stakeholders.
- Arts, Heritage & Culture
Enabling the continuation of parish-level national events and supporting programmes that preserve cultural identity.
- Environment
Supporting efforts to raise awareness and preserve terrestrial and marine resources for community benefit.

2024 Highlights

Project Highlights

- **Secondary School Debates**
The 2024 season of our flagship debates programme featured student teams from eighteen (18) secondary schools engaging in spirited discussions around topics related to energy, resilience, poverty alleviation and the influence of technology on society.
- **Home Economics Centre Refurbishment**
Students of the South St. George Government School now benefit from a refurbished Home Economics Centre. The project was made possible through the combined vision, effort, and contributions of educators, parents, and community partners.
- **Electrical Technology Award**
As joint recipients of the 2024 TAMCC Electrical Technology Award for Best Graduating Student in Electrical Technology, these first-time female awardees each received starter toolkits from Grenlec.
- **Social Service Partnerships**
Annual GCPI grants were made to the Grand Anse Home for the Aged, Bel Air Home for Children, Grand Bacolet Juvenile Rehabilitation & Treatment Centre, Hillview Home for the Aged, St. Martin's Home, Cedar's Home, Charles Memorial Home, Dorothy Hopkin Centre and the Queen Elizabeth Home for Children.
- **Positive Energy Programme (PEP)**
We were proud to support Reach Within's Positive Energy Programme (PEP), which helps children learn emotional regulation and communication skills, building stronger individuals and communities.

Sports Partnerships

Longstanding partnerships with Netball Grenada, the St. Mark's Football League, and other stakeholders were maintained to encourage sport development.

- **CARIFTA Games**
We joined the Grenada Athletics Association and others as partners for the 2024 CARIFTA Games, supporting youth excellence in athletics across the region.
- **Arts, Heritage and Culture**

Grenada Team to the Annual Chelsea Flower Show

We were pleased to join Team Grenada for in celebrating another gold medal and the President's Award at the Royal Horticultural Society's Chelsea Flower Show. We are proud to have supported their journey over the years.

- **Sister Isles Festivals and Cultural Traditions**

Despite the backdrop of hurricane recovery in 2024, our partners and cultural leaders kept traditions alive. The vibrant String Band and Maroon Festival and the Petite Martinique Whitsuntide Regatta continued to be calendar favourites.

- **Mas Collaboration**

We also deepened our collaboration with Spicemas Grenada to broaden the reach of traditional Mas, supporting the growth of this unique aspect of Grenadian carnival. We also supported the Lion's Club's annual Ole Mas Competition.

In 2024, we approved grants for a number of other GCPI projects submitted by community-based and non-profit organisations. Implementation of these projects is ongoing.

Angel Harps – A music education programme for students drawn from a cross-section of bands across the state.

Dorothy Hopkin Home for the Disabled – Refurbishment of the Centre.

Grenada Planned Parenthood Association – Support services for gender-based violence programme.

GRENCODA – Refurbishment of the Ursula Baptiste Child Development Centre.

NEWLO – Combo-chairs for the student population at the New Life Organisation built by students.

Queen Elizabeth Home for Children – Refurbishment of the kitchen.

YWF Kiddo Foundation – Environmental awareness programme for students in Carriacou.

R.E. for Care Institutions – Installation of rooftop photovoltaic solar systems at Care Institutions.

LOOKING AHEAD: OUR STRATEGIC FOCUS FOR 2025

Moving forward, our strategic priorities are about building a stronger, more resilient, and customer-focused energy company, which delivers cost effective solutions to our customers.

Safety remains the foundation of our operations. We are working to build a culture where every team member takes ownership of not just their own safety, but also that of their colleagues and the communities we serve. By enhancing risk awareness, strengthening our policies, and investing in targeted training, we aim to reduce incidents and ensure preparedness.

Customer service and reliability are also front and centre. We are modernising how we serve, communicate with and respond to our customers. The implementation of advanced systems and smarter infrastructure will help us deliver a more seamless and dependable customer experience. At the same time, we are investing in long-term energy planning, generation upgrades and grid improvements to meet future demand while integrating renewable energy in a way that preserves system stability.

Recognising that our success is driven by people, human capital development will be a key area of focus. We are committed to equipping our workforce with the tools, skills and support they need to grow and perform at their best. From technical apprenticeships and leadership training to improved facilities, our efforts are aimed at building capacity across all levels of the organisation.

Our role extends beyond electricity supply. We are also committed to making a positive difference in the lives of those we serve. Consequently, our corporate social responsibility initiatives will continue to support vulnerable groups and community development goals.

Finally, operational efficiency and cost containment will underpin all our efforts. We are adopting smarter technologies, integrating systems and streamlining internal processes and improving resource management to ensure that we operate responsibly, reduce waste, and deliver cost-effective services to our stakeholders. These steps are not just about cutting costs, they are about creating a more agile, resilient and future-ready organisation.

We go forward with the confidence that comes from a unified vision, a capable team, and the trust of our customers and partners. Together, we are building a modern utility, which is equipped to meet the challenges of tomorrow.



Grenada Boys' Secondary School – 2024 Champion



St. Andrew's Anglican Secondary School – Second Place



Mac Donald College – Third Place



Presentation Brothers' College – Third Place

WINNERS' ROW

2024 Grenlec Debates

CHAMPION

Grenada Boys' Secondary School

Debaters:

Damian Dominique, Bryce Forrester,
Amori McNeil, Caleb Lucas,
Xavier Williams

Coaches:

Patrina Abraham, Tracy Gabriel

Principal:

Kenny James

Second Place:

St. Andrew's Anglican Secondary School

Debaters: Kheun Smart,
Desali Jones, Shemmichah Lindsey,
Jenee Andrew, Xaryel Jeffrey

Coaches: Kadesha Downing-Hagley,
Arren Hypolite

Principal: Dianne Abel-Jeffrey

Third Place:

Mac Donald College

Debaters: Lanya Darrius,
Mickel Toussaint, Naima Hosten,
Michaiah Downes, Lily Lynch

Coaches: Nazinga Smith,
Mikitia Williams-George

Principal: Carl Andall

Third Place:

Presentation Brothers' College

Debaters: Aiden Victor,
Omar Morris, Chamar Marrast,
Ethan Auguste, Jonathan Powell

Coaches: Karreem Salhab,
Darvin Clouden

Principal: Marvin Phillip

People's Choice Winners

voted by audience members
over 2,500 votes recorded on social media



Amori McNeil
GBSS (Left)

Chamar Marrast
PBC (Right)

We congratulate all participants in the 2024 Grenlec Debates.
You accepted the Challenge, you took the Journey... you rose to the occasion.

Thank you to our Debaters, Coaches, Principals, Motions Committee Members, Complaints Committee Members, Judges, Coordinators, Vendors and audience for your valuable contribution to the 2024 Grenlec Debates.



Follow us on    
www.grenlec.com



Grenada Electricity Services Limited

FINANCIAL STATEMENTS

For the year ended 31 December 2024
(Expressed in Eastern Caribbean Dollars)



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grenada Electricity Services Limited ("the Company"), which comprise the statement of financial position as at 31 December 2024 and the statement of 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 the Company in accordance with the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters are addressed in the context of our audit of the financial statements as a whole and in forming our opinions thereon, and we do not provide a separate opinion on these matters. There were no key audit matters to communicate.

Other information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, and we will not express any form of assurance conclusion.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 ISA 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 taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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.

We communicate with the Audit Committee 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 our audit.

We also provide the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determined those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditor's report is Rishi Ramkissoon.

CHARTERED ACCOUNTANTS

St. Lucia

28 March 2025

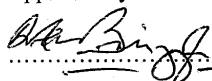
GRENADA ELECTRICITY SERVICES LIMITED
Statement of Financial Position
As at 31 December 2024

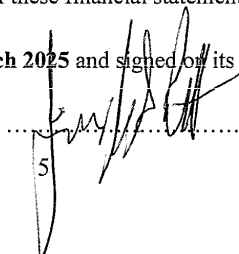
(Expressed in Eastern Caribbean Dollars)

	Notes	2024 \$	2023 \$
ASSETS			
Non-current Assets			
Property, plant, and equipment	4	129,480,034	122,975,974
Right-of-use assets	5	2,505,396	2,420,718
Suspense jobs in progress	6	600,818	1,193,251
Capital work in progress	6	6,181,996	5,166,905
		<u>138,768,244</u>	<u>131,756,848</u>
Current assets			
Inventories	8	33,705,590	28,805,334
Trade and other receivables	9	36,075,134	37,139,158
Corporation tax recoverable	24	5,171,742	374,029
Financial assets at amortised cost	7	40,322,277	40,391,119
Cash on hand and at bank	11	21,541,658	16,710,362
		<u>136,816,401</u>	<u>123,420,002</u>
TOTAL ASSETS		<u>275,584,645</u>	<u>255,176,850</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	12	32,339,840	32,339,840
Hurricane insurance reserve	16	33,909,667	33,909,667
Retained earnings		64,779,566	63,302,910
		<u>131,029,073</u>	<u>129,552,417</u>
Non-Current Liabilities			
Customers' deposits	13	21,338,889	20,493,266
Long-term borrowings	14	17,432,803	23,977,659
Long-term portion of lease liabilities	5	2,517,992	2,432,597
Deferred income (CCRIF)	19	21,805,691	-
Deferred tax liability	24	18,473,082	17,109,302
		<u>81,568,457</u>	<u>64,012,824</u>
Current Liabilities			
Short-term borrowings	14	6,535,967	7,067,575
Trade and other payables	17	37,610,541	36,110,340
Current portion of lease liabilities	5	350,064	287,557
Customers' contribution to line extensions	18	13,865,799	11,505,632
Retirement benefits payable	15	515,032	338,602
Profit sharing payable	17	4,109,712	6,301,903
		<u>62,987,115</u>	<u>61,611,609</u>
TOTAL LIABILITIES		<u>144,555,572</u>	<u>125,624,433</u>
TOTAL EQUITY AND LIABILITIES		<u>275,584,645</u>	<u>255,176,850</u>

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on 27 March 2025 and signed on its behalf by:

: Director

: Director

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Comprehensive Income

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

	Notes	2024 \$	2023 \$
REVENUE			
- Non-fuel charge	20	109,701,680	99,258,112
- Fuel charge		141,029,641	149,242,605
Unbilled revenue adjustments	2(v)	<u>(2,750,500)</u>	<u>1,353,952</u>
Gross revenue		247,980,821	249,854,669
Other income	21	<u>4,618,575</u>	<u>2,831,576</u>
Total income		<u>252,599,396</u>	<u>252,686,245</u>
LESS: OPERATING EXPENSES			
Production expenses		(39,024,561)	(25,385,123)
Diesel consumed		(141,029,641)	(134,886,599)
Administrative expenses		(26,138,904)	(24,988,256)
Distribution services		(22,651,293)	(21,022,722)
Planning and engineering		<u>(3,049,273)</u>	<u>(3,290,058)</u>
Total operating expenses	22	<u>(231,893,672)</u>	<u>(209,572,758)</u>
Operating profit		20,705,724	43,113,487
Less: Finance costs	23	<u>(1,990,804)</u>	<u>(2,203,969)</u>
Profit for year before allocations and taxation		<u>18,714,920</u>	<u>40,909,518</u>
ALLOCATIONS			
Less – Regulatory fees		(2,388,626)	(1,685,532)
Donations		-	(2,140,959)
Profit sharing		<u>(5,934,293)</u>	<u>(8,144,340)</u>
		<u>(8,322,919)</u>	<u>(11,970,831)</u>
Profit for year before taxation		10,392,001	28,938,687
Taxation	24	<u>(2,835,345)</u>	<u>(7,653,542)</u>
NET PROFIT FOR THE YEAR		<u>7,556,656</u>	<u>21,285,145</u>
TOTAL COMPREHENSIVE INCOME		<u>7,556,656</u>	<u>21,285,145</u>
EARNINGS PER SHARE	26	<u>0.40</u>	<u>1.12</u>

The accompanying notes form an integral part of these financial statements.

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Changes in Equity

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

	Stated Capital (Note 12) \$	Hurricane Insurance Reserve (Note 16) \$	Retained Earnings \$	Total Equity \$
Balance at 1 January 2023	32,339,840	32,000,000	51,527,432	115,867,272
Dividends (Note 29)	-	-	(7,600,000)	(7,600,000)
Total comprehensive income	-	-	21,285,145	21,285,145
Allocation for the year (Note 16)	-	1,909,667	(1,909,667)	-
Balance at 31 December 2023	<u>32,339,840</u>	<u>33,909,667</u>	<u>63,302,910</u>	<u>129,552,417</u>
Balance at 1 January 2024	32,339,840	33,909,667	63,302,910	129,552,417
Dividends (Note 29)	-	-	(6,080,000)	(6,080,000)
Total comprehensive income	-	-	7,556,656	7,556,656
Balance at 31 December 2024	<u>32,339,840</u>	<u>33,909,667</u>	<u>64,779,566</u>	<u>131,029,073</u>

The accompanying notes form an integral part of these financial statements.

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Cash Flows

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

	Notes	2024 \$	2023 \$
OPERATING ACTIVITIES			
Profit for the year before taxation		10,392,001	28,938,687
Adjustments for:			
Depreciation on property, plant, and equipment and right-of-use assets	4,5	11,340,356	11,154,275
Loss/(gain) on disposal of property, plant, and equipment	21	581,088	(2,189)
Movement in provision for inventory obsolescence	8	(76,073)	-
Finance cost	23	1,990,804	2,203,969
Amortisation of customers' contribution to line extension	4	-	(341,626)
Net change in provision for other liabilities and charges		344,406	4,399,191
Operating surplus before working capital changes		24,572,582	46,352,307
(Decrease)/increase in trade and other receivables		1,064,024	(1,135,619)
Increase in inventories (net)		(4,824,183)	(88,588)
Increase in trade and other payables		1,445,904	5,199,696
Increase in deferred income		21,805,691	-
		44,064,018	50,327,796
Income tax paid		(6,269,278)	(6,088,413)
Interest and finance charges paid		(1,936,507)	(2,039,784)
Cash provided by operating activities		35,858,233	42,199,599
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant, and equipment		182,604	129,914
Disposal/(purchase) of financial assets (net)		68,842	(1,865,197)
Purchase of property, plant, and equipment	4,6	(18,661,157)	(10,798,291)
Cash used in investing activities		(18,409,711)	(12,533,574)
FINANCING ACTIVITIES			
Dividends paid	29	(6,080,000)	(7,600,000)
Payment of principal portion of lease liabilities	5	(306,385)	(303,479)
Repayment of borrowings	14	(7,076,464)	(5,986,291)
Customers' deposits (net)	13	845,623	1,143,215
Cash used in financing activities		(12,617,226)	(12,746,555)
Net increase in cash and cash equivalents		4,831,296	16,919,470
Cash and cash equivalents			
- at the beginning of year		16,710,362	(209,108)
- at the end of year	11	21,541,658	16,710,362

The accompanying notes form an integral part of these financial statements.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

1. CORPORATE INFORMATION

Grenada Electricity Services Limited (the Company) is public and registered in Grenada. It generates and supplies electricity throughout Grenada, Carriacou, and Petite Martinique.

On 24 December 2020, the Government of Grenada owned 71.4% of the Company's ordinary share capital.

The National Insurance Scheme holds 11.6% of the ordinary share capital, while the general public holds the remaining 17%.

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

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

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

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

(a) Basis of preparation

The company's financial statements have been prepared in accordance with IFRS Accounting Standards under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment when applying the company's accounting policies. Although those estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(b) Changes in accounting policies and disclosures****(i) New accounting standards, amendments, and interpretations**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendment to IFRS effective as of 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- **Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the financial statements of the Company.

- **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the financial statements of the Company.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(b) Changes in accounting policies and disclosures (continued)****(i) New accounting standards, amendments, and interpretations (continued)**

- **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the financial statements of the Company.

(ii) Standards in issue not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Company is currently assessing the impact of adopting the standards and interpretations.

- Lack of exchangeability – Amendments to IAS 21- effective for annual reporting periods beginning on or after 1 January 2025
- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 effective for reporting periods beginning on or after 1 January 2026
- Annual Improvements to IFRS Accounting Standards – Volume 11 effective for reporting periods beginning on or after 1 January 2026
- Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7 effective for reporting periods beginning on or after 1 January 2026
- IFRS 18 Presentation and Disclosure in Financial Statements- effective for reporting periods beginning on or after 1 January 2027
- IFRS 19 Subsidiaries without Public Accountability: Disclosures- effective for reporting periods beginning on or after 1 January 2027

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(c) *Property, plant, and equipment***

Property, plant, and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Historical cost includes expenditures directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. They are recognised as income in the statement of comprehensive income.

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing and other repairs and maintenance of property, plant and equipment are recognised in the statement of comprehensive income during the financial period they are incurred.

Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably sure that the Company will obtain ownership by the end of the lease term.

Land is not depreciated. No depreciation is provided on work-in-progress until the assets are completed and available for use.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(c) Property, plant, and equipment (continued)***Depreciation (continued)*

The annual rates of depreciation for the current and comparative periods are as follows:

	% per annum
Building and construction	2.5 - 10
Plant and machinery	3.3 - 50
Motor vehicles	15
Furniture and equipment	1 - 20

When depreciable property, plant, and equipment other than motor vehicles and property are retired, the gross book value less proceeds net of retiral expense is charged to accumulated depreciation. For material disposals of motor vehicles and property, the asset cost and accumulated depreciation are removed with any gain or loss credited or charged to current operations.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

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.

(d) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for trading
- Expected to be realised within twelve (12) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period

All other assets are classified as non-current.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(d) Current versus non-current classification (continued)**

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve (12) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The terms of the liability that could, at the counterparty's option, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current, including deferred tax assets and liabilities.

(e) Foreign currency translation*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 Eastern Caribbean Dollar is the Company's functional currency and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in the statement of comprehensive income.

All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gains/(losses).

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(f) Financial investments**

The Company has classified its financial investments as loans and receivables. Management determines the classification at initial recognition and reviews the designation at every reporting date. The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise cash resources, trade, and other receivables.

ii. Impairment of financial assets

The Company assesses whether there is objective evidence that a financial asset is impaired at each statement of financial position date.

The Company applies a simplified approach to calculating expected credit losses for trade receivables. Therefore, the Company does not track changes in credit risk but recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company considers its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are ninety (90) days past due. However, in some instances, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(f) Financial investments (continued)****ii. Impairment of financial assets (continued)**

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due and shared credit risk characteristics and reflect the probability-weighted outcome, the time value of money and reasonable and supportable information available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators include the failure of a debtor to make contractual payments and the failure of the debtor to engage in a repayment plan with the Company.

Expected credit losses are presented in administrative expenses in the statement of comprehensive income. Subsequent recoveries are credited against the same line item.

Provision is made as follows:

- 100% on receivables ≥ 90 days
- 50% on receivables ≥ 60 days
- 0.3% on receivables ≥ 30 days
- 0.2% on receivables < 30 days

Accounts are written off against the provision when they are considered uncollectible. The total provision at 31 December 2024 amounted to \$2,580,155 (2023 - \$2,584,917) (Note 9).

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(f) Financial investments (continued)****iii. Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers or retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss recognised in other comprehensive income and accumulated in equity is recognised in the statement of comprehensive income. On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises based on the relative fair values of those parts on the date of the transfer.

The difference between the carrying amounts allocated to the part is no longer recognised, and the sum of the consideration received for the part no longer recognised, and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the statement of comprehensive income. A cumulative gain or loss recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised based on the relative fair values of those parts.

iv. Impairment of non-financial assets

Assets with an indefinite life, such as land, are not subject to amortisation and are reviewed for impairment annually.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(g) Inventories**

Inventories consist of fuel, distribution, generation supplies and other materials, which are stated at the lower cost incurred in bringing each item to its present location and condition and net realisable value. Net realisable value is the price at which stock can be realised in the normal course of business. Cost is determined on an average cost basis and is carried in the books at cost less provision for obsolescence.

(h) Trade receivables

Trade receivables are amounts due from customers for electricity or other services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for expected credit losses and discounts. See Note 2f (ii) for the policy guidance on the calculation of expected credit losses for trade receivables. Trade receivables, being short-term, are not discounted.

(i) Cash on hand and at bank

Cash on hand and at the bank comprises cash on hand and bank and short-term demand deposits with an original maturity of three (3) months or less.

(j) Stated Capital

Ordinary shares are classified as equity.

(k) Trade payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. If payment is due within one (1) year or less, trade payables are classified as current liabilities. Otherwise, they are presented as non-current liabilities.

(l) Borrowings

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortised cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve (12) months after the date of the statement of financial position.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(m) Customers' deposits**

All categories of customers are required to provide a security deposit upon opening their account with the Company. The deposit is refunded with interest accumulated on the closure of the account. (See Note 13)

Given the long-term nature of the customer relationship, customer deposits are shown in the statement of financial position as non-current liabilities (i.e., not likely to be repaid within twelve (12) months of the date of the statement of financial position).

(n) Customers' contribution to line extensions

In certain specified circumstances, customers requiring line extensions must contribute toward the estimated capital cost of the extensions. Customer contributions from 2018 that are not eligible for a refund are recognised in income in the same period in which the costs are incurred.

Contributions more than the applicable capital cost of line extensions are recorded as other revenue in the completion period. Non-refundable contributions received for jobs not yet started or completed at the year-end are grouped with creditors, accrued charges, and provisions. Refundable contributions received for jobs not yet started or completed at the year-end and jobs completed at year-end are also grouped with creditors, accrued charges and provisions. The capital costs of customer line extensions are included in property, plant, and equipment (Note 4).

(o) Employee benefits*Profit sharing scheme*

The Company operates a profit-sharing scheme, and the profit share to be distributed to unionised employees each year is based on the terms outlined in the Union Agreement. Employees receive their profit share in cash. The Company accounts for profit sharing as an expense through the statement of comprehensive income. The Company also has a gainsharing plan for management employees that is accounted for in the same manner as profit sharing.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(o) Employee benefits (continued)***Defined contribution scheme*

The Company operates a defined contribution scheme for its permanent employees. The Company makes monthly contributions to the Plan, and additional employee contributions are voluntary. Pension costs are accounted for based on total contributions payable in the year (Note 15).

The plan's assets are held separately by the relevant Trust. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to employee services in the current and prior periods.

(p) Taxation*Current income tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

The current tax is the expected tax payable on taxable income for the period. It is calculated based on the tax rates enacted or substantially enacted at the statement of financial position date.

Management periodically evaluates positions taken in tax returns regarding situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate based on amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates expected to apply when the asset is realised, or the liability is settled, based on tax rates (and tax laws) enacted or substantively enacted at the reporting date.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)***(q) Deferred Income***

The deferred income liability represents the net proceeds of a parametric insurance payout from the Caribbean Catastrophe Risk Insurance Facility (CCRIF) in July 2024 related to the passage of Hurricane Beryl. These funds are expected to be used for expenses and capital items in the upcoming years. They were earmarked for use in the Company's hurricane restoration efforts and for capital projects to improve the resilience of its Transmission and Distribution network in the event of any future natural disasters, along with any other Board-approved project.

When the expenditure relates to an expense item, it is recognised as income systematically over the periods when the related costs are expensed, for which it is intended to compensate. The Company has chosen to present amounts related to an expense item as other income in the statement of comprehensive income. When the expenditure relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

Non-fuel charge

Revenues arising from the non-fuel charge are recognised when electricity is delivered to customers over time as the customer simultaneously receives and consumes the benefits of the electricity. Revenues are recognised on an accrual basis and include billed and unbilled revenues.

Revenues related to the sale of electricity are recognised at rates approved by the Public Utilities Regulatory Commission (PURC) and recorded based on meter readings, which are carried out on a rotational basis throughout each month.

At the end of each reporting period, the electricity delivered to customers, but not billed, is estimated, and the corresponding unbilled revenue is recognised. The Company's estimate of unbilled revenue at the end of the reporting period is calculated by estimating the number of megawatt hours ("MWh") delivered to customers at the established rate expected to prevail in the upcoming billing cycle. This estimate includes assumptions as to the pattern of energy demand, weather, line losses and inter-period changes to customer classes. The unbilled revenue receivable is included in accrued income.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(r) Revenue recognition (continued)***Fuel charge*

Fuel costs are passed to customers through the fuel charge mechanism, which allows for the recovery of fuel costs required for the generation of electricity over time. The fuel charge mechanism was amended during the year ended December 31, 2023, through the vehicle of the Interim Tariff which was promulgated by the Public Utilities Regulatory Commission (PURC) effective October 1, 2023. This tariff instituted a Fuel Adjustment Clause (FAC) mechanism to prevent future occurrences of under or over-recovery of fuel costs by the Utility at year-end. This mechanism will be further reviewed and adjusted, where necessary, during the full tariff review exercise. For the time being, the Company recognises fuel revenue based on the amount paid for fuel in the reporting period.

Sundry revenue

Sundry revenue is generated from the sale of goods and services that do not form part of the principal activity of generating, distributing, and supplying electricity. This includes pole-sharing agreements, other sales, rentals, and service fees.

Revenue from pole-sharing arrangements, equipment rental, and other services is recognised when the Company provides the assets for use by the customer or when the various services are provided. Service fees are recognised as the various services are provided.

Value added tax

Value-added taxes collected by the Company because of revenue-producing activities are excluded from revenue and are remitted to the Government of Grenada in the month following collection.

Interest income

Interest income is recognised on an accrual basis.

(s) Dividends

Dividends proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

Dividends proposed and declared after the statement of financial position date are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

(t) Related parties

Parties are related if one (1) party can control or exercise significant influence over the other party in making financial or operating decisions. Transactions entered with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(u) Finance costs**

Finance costs are recognised in the statement of comprehensive income as an expense in the period they are incurred.

(v) Unbilled revenue adjustments

The provision and adjustment at 31 December 2024, with comparatives, are calculated as follows:

	2024 \$	2023 \$
Revenue for December after discounts	<u>20,081,958</u>	<u>25,582,958</u>
50% of above provision at 31 December (note 9)	10,040,979	12,791,479
Provision at 1 January	<u>(12,791,479)</u>	<u>(11,437,527)</u>
(Decrease)/increase in provision during the year	<u>(2,750,500)</u>	<u>1,353,952</u>

(w) Leases

The Company assesses at contract inception whether a contract is or contains a lease. That is if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)**(w) Leases (continued)***Right-of-use assets (continued)*

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 3 to 5 years
- Land 3 to 60 years
- Furniture and Equipment 25 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Company also assess the right-of-use assets for impairment when such indicators exist (Note 2 f (iv)).

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date, as the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced for the lease payments made. There were no lease reassessments or modifications in 2024.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

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2. MATERIAL ACCOUNTING POLICIES (continued)**(x) Allocations**

Allocations in the statement of comprehensive income refer to both statutory and other contracted commitments, which the Company has a legal obligation to settle. These include:

Regulatory fees

The Public Utilities Regulatory Commission (PURC) Act No. 20 of 2016, Section 14 (subsections 2-5 and 7) stipulates that the Company is to fund the operations of the PURC by an annual assessment imposed upon it. The assessment amount shall not exceed two (2) per cent of the gross revenue derived from the services of the Company in the most recently ended financial year.

Donations

The Company allocates 5% of its pre-tax profits annually as part of its Corporate Social Responsibility under the Grenlec Community Partnership Initiative (GCPI).

Profit sharing

The Company has contractual obligations with its non-management and management groups regarding the annual payment of profit and gain sharing, respectively. These commitments are enshrined in the Collective Bargaining Agreements of both groups.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues, and expenses. The items which may have the most effect on these financial statements are set out below.

(a) Impairment of non-financial assets

Management assesses whether assets are impaired at each statement of financial position date. An asset is impaired when its carrying value exceeds its recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)*(b) Property, plant, and equipment*

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

(c) Provision for expected credit losses of trade receivables

The Company calculates ECLs for trade receivables using a provision matrix. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. Then, the company calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not represent the customer's actual default in the future.

(d) Unbilled revenue

A provision of 50% of the current month's billing is made to record unbilled energy revenue at the end of each month. This estimate is reviewed periodically to assess reasonableness and adjusted where required. The actual energy revenue will be different from the forecast made.

GRENADA ELECTRICITY SERVICES LIMITED
Notes to the Financial Statements
For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2024

	Land \$	Building and Construction \$	Plant and Machinery \$	Motor Vehicles \$	Furniture and Equipment \$	Total \$
Opening book value	1,864,860	10,696,556	104,350,550	2,305,920	3,758,088	122,975,974
Additions for the year	-	226,994	12,446,544	1,602,827	3,935,785	18,212,150
Adjustments for the year	-	14,581	(1,164)	-	12,932	26,349
Disposals for the year	-	-	(705,252)	(44,413)	(14,027)	(763,692)
Depreciation charge for the year (Note 22)	-	(570,650)	(8,547,489)	(950,969)	(901,639)	(10,970,747)
NET BOOK VALUE	<u>1,864,860</u>	<u>10,367,481</u>	<u>107,543,189</u>	<u>2,913,365</u>	<u>6,791,139</u>	<u>129,480,034</u>
Balance at 31 December 2024						
Cost	1,864,860	33,204,675	323,548,293	19,004,510	21,621,297	399,243,635
Accumulated depreciation	-	(22,837,194)	(216,005,104)	(16,091,145)	(14,830,158)	(269,763,601)
NET BOOK VALUE	<u>1,864,860</u>	<u>10,367,481</u>	<u>107,543,189</u>	<u>2,913,365</u>	<u>6,791,139</u>	<u>129,480,034</u>

No borrowing costs were capitalised during 2024 and 2023. The adjustments for the year refer to amounts capitalised in the previous period for which credit was received in the current year or for which the scope of the capital project was not executed according to the original plan. The depreciation expense in the statement of cash flows includes the depreciation for right-of-use assets of \$369,609 (2023: \$355,725) (Note 5).

GRENADA ELECTRICITY SERVICES LIMITED
Notes to the Financial Statements
For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land \$	Building and Construction \$	Plant and Machinery \$	Motor Vehicles \$	Furniture and Equipment \$	Total \$
For the year ended 31 December 2023						
Opening book value	1,864,860	11,183,971	106,510,311	3,141,742	3,854,386	126,555,270
Opening customers' contribution to line extensions (Note 2n)	-	-	-	-	-	(341,626)
Additions for the year	1,864,860	11,183,971	106,510,311	3,141,742	3,854,386	126,213,644
Adjustments for the year	-	78,395	6,217,148	213,971	836,318	7,345,832
Disposals for the year	-	-	1,147	-	-	1,147
Depreciation charge for the year (Note 22)	-	-	(73,872)	(53,853)	-	(127,725)
Movement in customers' contribution to line extensions for the year	-	(565,810)	(8,304,184)	(995,940)	(932,616)	(10,798,550)
NET BOOK VALUE	<u>1,864,860</u>	<u>10,696,556</u>	<u>104,350,550</u>	<u>2,305,920</u>	<u>3,758,088</u>	<u>122,975,974</u>
Balance at 31 December 2023						
Cost	1,864,860	32,963,100	311,808,165	17,446,096	17,686,607	381,768,828
Accumulated depreciation	-	(22,266,544)	(207,457,615)	(15,140,176)	(13,928,519)	(258,792,854)
NET BOOK VALUE	<u>1,864,860</u>	<u>10,696,556</u>	<u>104,350,550</u>	<u>2,305,920</u>	<u>3,758,088</u>	<u>122,975,974</u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

5. LEASES

The Company has lease contracts for various items of land and buildings and other equipment used in its operations. Leases of land and equipment generally have lease terms between three (3) to sixty (60) years, while buildings generally have lease terms between three (3) to five (5) years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings \$	Land \$	Furniture and Equipment \$	Total \$
Balance at 1 January 2023	735,445	2,025,017	9,977	2,770,439
Additions	6,004	-	-	6,004
Depreciation expense (Note 22)	<u>(191,409)</u>	<u>(163,706)</u>	<u>(610)</u>	<u>(355,725)</u>
Balance at 31 December 2023	550,040	1,861,311	9,367	2,420,718
Additions	166,003	288,284	-	454,287
Depreciation expense (Note 22)	<u>(198,013)</u>	<u>(170,986)</u>	<u>(610)</u>	<u>(369,609)</u>
Balance at 31 December 2024	<u>518,030</u>	<u>1,978,609</u>	<u>8,757</u>	<u>2,505,396</u>

Set out below are the carrying amount of lease liabilities and the movements during the period:

	2024 \$	2023 \$
As at 1 January	2,720,154	3,017,629
Adjustment	-	15,998
Additions	454,287	6,004
Accretion of interest (Note 23)	151,780	149,299
Payments	<u>(458,165)</u>	<u>(468,776)</u>
As at 31 December	2,868,056	2,720,154
Less: current portion	<u>(350,064)</u>	<u>(287,557)</u>
Long-term portion	<u>2,517,992</u>	<u>2,432,597</u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

5. LEASES (continued)

No right-of-use assets were sub-leased, and there were no variable lease payments or sale-and-lease-back transactions for the year ended 31 December 2024.

The ageing of lease liabilities is as follows:

	2024	2023
	\$	\$
Less than 1 year	350,064	287,557
Between 1 and 2 years	587,130	438,391
Between 2 and 5 years	198,372	252,843
Over 5 years	<u>1,732,490</u>	<u>1,741,363</u>
Total	<u>2,868,056</u>	<u>2,720,154</u>

6. SUSPENSE JOBS AND CAPITAL WORK IN PROGRESS

	Suspense Work in Progress \$	Capital Work in Progress \$	Total \$
For the year ended 31 December 2024			
Opening book value	1,193,251	5,166,905	6,360,156
Additions and transfers for the year (net)	<u>(592,433)</u>	<u>1,015,091</u>	<u>422,658</u>
NET BOOK VALUE	<u>600,818</u>	<u>6,181,996</u>	<u>6,782,814</u>
Balance at 31 December 2024			
NET BOOK VALUE	<u>600,818</u>	<u>6,181,996</u>	<u>6,782,814</u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

6. SUSPENSE JOBS AND CAPITAL WORK IN PROGRESS (continued)

	Suspense Work in Progress \$	Capital Work in Progress \$	Total \$
For the year ended 31 December 2023			
Opening book value	1,034,892	1,873,952	2,908,844
Additions and transfers for the year (net)	<u>158,359</u>	<u>3,292,953</u>	<u>3,451,312</u>
NET BOOK VALUE	<u><u>1,193,251</u></u>	<u><u>5,166,905</u></u>	<u><u>6,360,156</u></u>
Balance at 31 December 2023			
NET BOOK VALUE	<u><u>1,193,251</u></u>	<u><u>5,166,905</u></u>	<u><u>6,360,156</u></u>

7. FINANCIAL ASSETS AT AMORTISED COST

	Interest rate (%)	Maturity	2024 \$	2023 \$
Government of Grenada - Treasury Bills	3.00	2025	800,132	800,132
Fixed deposit - Republic Bank (Grenada) Ltd	0.10	2025	10,680,987	10,670,306
Fixed deposit - Grenada Co-operative Bank Ltd.	0.25	2025	13,043,238	13,010,711
Fixed deposit - ACB Grenada Bank	0.10	2025	6,183,290	6,177,107
Corporate Paper- Eastern Caribbean Home Mortgage Bank	3.00	2025	<u>9,614,630</u>	<u>9,732,863</u>
			<u>40,322,277</u>	<u>40,391,119</u>

Included in the above is \$33,836,185 for Hurricane Insurance Reserve (Note 16), which is invested in Treasury bills and fixed deposits held with the Government of Grenada, Republic Bank (Grenada) Limited, ACB Grenada Bank, Eastern Caribbean Home Mortgage Bank (ECHMB), and the Grenada Co-operative Bank Limited.

Due to their short-term nature, the fair values of financial assets at amortised cost equal their carrying values.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

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(Expressed in Eastern Caribbean Dollars)

8. INVENTORIES

	2024 \$	2023 \$
The following is a breakdown of inventories on hand:		
Motor vehicle spares	1,554,044	1,523,028
Distribution	11,248,997	8,338,003
Generation spares	19,987,477	17,663,086
Fuel and lubricating oil	859,364	972,325
General stores	<u>1,336,651</u>	<u>1,165,694</u>
	34,986,533	29,662,136
Less: Obsolescence provision	<u>(2,010,136)</u>	<u>(2,126,408)</u>
	32,976,397	27,535,728
Goods in transit	<u>729,193</u>	<u>1,269,606</u>
	<u>33,705,590</u>	<u>28,805,334</u>

The value of inventory adjustments recognised through the Statement of Comprehensive Income during the year is included in the respective departments' expenses of \$76,073 (2023 - \$4,600).

9. TRADE AND OTHER RECEIVABLES

	2024 \$	2023 \$
Trade receivables	22,908,664	23,197,400
Less: Provision for expected credit losses (Note 2f ii,10)	<u>(2,516,497)</u>	<u>(2,529,378)</u>
Trade receivables- net	<u>20,392,167</u>	<u>20,668,022</u>
Other debtors	908,664	1,221,116
Less: Provision for expected credit losses (Note 2f ii,10)	<u>(63,658)</u>	<u>(55,539)</u>
	<u>845,006</u>	<u>1,165,577</u>
	<u>21,237,173</u>	<u>21,833,599</u>
Unbilled revenue (Note 2v)	10,040,979	12,791,479
Prepayments	<u>4,796,982</u>	<u>2,514,080</u>
	<u>14,837,961</u>	<u>15,305,559</u>
	<u>36,075,134</u>	<u>37,139,158</u>

Other debtors relate to sundry revenue receivable at year-end—Note 2 (r). Due to the short-term nature of these assets, the fair values of trade and other receivables equal their carrying values.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

9. TRADE AND OTHER RECEIVABLES (continued)

The ageing of trade and other receivables is as follows:

	2024			2023		
	Trade receivables \$	Other receivables \$	Expected credit losses \$	Trade receivables \$	Other receivables \$	Expected credit losses \$
30 days	15,641,371	299,967	(31,246)	18,416,238	612,789	(55,164)
31-60 days	4,657,255	150,533	(13,972)	2,279,142	178,797	(22,792)
61-90 days	297,617	109,121	(149,268)	137,408	170,061	(77,798)
Over 90 days	<u>2,312,421</u>	<u>349,043</u>	<u>(2,385,669)</u>	<u>2,364,612</u>	<u>259,469</u>	<u>(2,429,163)</u>
	<u>22,908,664</u>	<u>908,664</u>	<u>(2,580,155)</u>	<u>23,197,400</u>	<u>1,221,116</u>	<u>(2,584,917)</u>

10. MOVEMENT IN PROVISION FOR EXPECTED CREDIT LOSSES

	2024 \$	2023 \$
(i) Customers' accounts		
Balance at 1 January	2,529,378	3,278,598
(Decrease)/increase in provision (Note 22)	<u>(12,881)</u>	<u>(749,220)</u>
Balance at 31 December	<u>2,516,497</u>	<u>2,529,378</u>
(ii) Other debtors		
Balance at 1 January	55,539	99,216
(Decrease)/increase in provision (Note 22)	<u>8,119</u>	<u>(43,677)</u>
Balance at 31 December	<u>63,658</u>	<u>55,539</u>
Total Expected Credit Losses	<u>2,580,155</u>	<u>2,584,917</u>

There were no direct write-offs for impaired receivables during the year to the statement of comprehensive income (2023 - nil). There was no recovery of bad debts written off during the year (2023 - Nil).

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

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11. CASH ON HAND AND AT BANK

	2024	2023
	\$	\$
Cash on hand	7,200	7,200
Republic Bank (Grenada) Limited	2,414,010	3,706,949
Grenada Co-operative Bank Limited	<u>19,120,448</u>	<u>12,996,213</u>
	<u>21,541,658</u>	<u>16,710,362</u>

For the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2024	2023
	\$	\$
Cash on hand and at bank	21,541,658	16,710,362
Cash and cash equivalents	<u>21,541,658</u>	<u>16,710,362</u>

12. STATED CAPITAL

	2024	2023
	\$	\$
Authorised		
25,000,000 ordinary shares of no-par value		
Issued and fully paid		
19,000,000 ordinary shares of no-par value	<u>32,339,840</u>	<u>32,339,840</u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

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13. CUSTOMERS' DEPOSITS

Under the 2016 Electricity Act (EA) Schedule 1, all customers are required to provide a security deposit, which is usually equivalent to one (1) month's consumption. Interest accrued is credited to customers' accounts at a rate of 4% (2023 - 4%) per annum in the first billing cycle of the year. The cash deposit is refunded with accumulated interest when the account is terminated (Note 2m).

	2024 \$	2023 \$
Balance at 1 January	20,493,266	19,350,051
New deposits	1,271,634	851,759
Interest accrued	794,181	753,596
Net transfers and deposits refunded	<u>(1,220,192)</u>	<u>(462,140)</u>
Balance at 31 December	<u>21,338,889</u>	<u>20,493,266</u>

14. BORROWINGS

	2024 \$	2023 \$
Grenada Co-operative Bank Ltd (GCBL)		
Balance at 1 January	31,045,234	37,031,525
Less: Principal repayments	<u>(7,076,464)</u>	<u>(5,986,291)</u>
Total borrowings at 31 December	<u>23,968,770</u>	<u>31,045,234</u>
Less: Current portion	<u>(6,535,967)</u>	<u>(7,067,575)</u>
Non-current portion	<u>17,432,803</u>	<u>23,977,659</u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

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14. BORROWINGS (continued)

On 17 July 2023, the CIBC First Caribbean International Bank (Barbados) Limited operations in Grenada were taken over by the Grenada Co-operative Bank Ltd (GCBL). At this time, a participation arrangement was entered between the Banks, resulting in the sharing of facilities agreed between the Company and CIBC First Caribbean International Bank (Barbados) Limited. All the terms of the original loan agreements remained the same.

On 29 February 2016, the Company signed a Mortgage Debenture with CIBC First Caribbean International Bank (Barbados) Limited for a credit facility of up to \$48,050,000.

The loan bears interest at a rate of 4.75% per annum over the first five (5) years, and thereafter, the interest will be the prime rate less 5.90%, subject to a floor of 3.60% per annum. Presently, the prime rate is 8.50% per annum. The loan is amortised over twelve (12) years and repayable via 32 quarterly principal payments of \$1,001,042 with a balloon payment of \$16,016,667. Interest will be paid quarterly in arrears and accrue on an actual/365-day basis. The facility is collateralised under a first priority mortgage obligation and debenture charge over the fixed and floating assets of the Borrower stamped to cover \$48,050,000.

On 15 August 2019, the Company signed a Mortgage Debenture with CIBC First Caribbean International Bank (Barbados) Limited for a credit facility of \$3,718,000.

The loan bears interest at 4.75% per annum over the first five (5) years. Afterwards, the interest will be the prime rate less 4.90%, subject to a floor of 3.60% per annum. Presently, the prime rate is 8.50% per annum. The loan is amortised over ten (10) years and repayable via thirty-two quarterly principal payments of \$92,950 plus quarterly interest payments.

On 16 February 2021, the Company signed a Mortgage Debenture with CIBC First Caribbean International Bank (Barbados) Limited for a credit facility of \$16,200,000.

The loan bears interest at a current rate of 3.75% per annum, the prime rate minus 4.75% per annum. Presently, the prime rate is 8.50% per annum. The loan is amortised over a twelve (12) year period and repayable via 30 quarterly principal payments of \$500,000 plus quarterly interest payments after a six (6) month moratorium on principal payment.

The Company has an overdraft facility of \$6 million with Grenada Co-operative Bank Limited, with 6% per annum interest. There were no interest charges on the bank overdraft facility for the year ended 31 December 2024 (2023—nil).

As of 31 December 2024, the Company complies with the loan covenants required with CIBC First Caribbean International Bank (Barbados) Limited/ Grenada Co-operative Bank Limited under the existing credit facilities.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

14. BORROWINGS (continued)

The ageing of non-current borrowings is as follows:

	2024 \$	2023 \$
Between 2 and 5 years	17,432,803	23,158,809
Over 5 years	<u>-</u>	<u>818,850</u>
Total	<u>17,432,803</u>	<u>23,977,659</u>

The carrying amounts and fair value of borrowings are as follows:

	Carrying Value		Fair Value	
	2024 \$	2023 \$	2024 \$	2023 \$
Borrowings	23,968,770	31,045,234	28,437,872	33,229,904

The fair values are based on cash flows discounted using a rate based on the Company's average borrowing rate of 3.74% (2023 - 3.73%).

15. RETIREMENT BENEFITS PAYABLE

The Company operates a defined contribution plan for its employees. The relevant trust pays benefits accrued upon employees' resignation or retirement. Pension cost for the year was \$3,019,470 (2023 - \$2,757,144) in the statement of comprehensive income (Note 22).

The balance of \$515,032 within the statement of financial position relates to amounts due to the non-management and management Trusts for December 2024 (2023 - \$338,602).

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

16. HURRICANE INSURANCE RESERVE

	2024	2023
	\$	\$
Balance at the beginning of the year	33,909,667	32,000,000
Add: Allocation for the year	<u>-</u>	<u>1,909,667</u>
Balance at the end of year	<u>33,909,667</u>	<u>33,909,667</u>

The Company paused the annual allocation to the Hurricane Insurance Reserve in 2024. The reserve continues to be backed by short-term investments held at various financial institutions (Note 7) as self-insurance for its transmission and distribution network. The parametric insurance cover was increased during 2024, with a resultant increase of \$485,158 (2023-\$90,033). The parametric insurance policy commenced on 1 September 2023 and is held with the Caribbean Catastrophe Risk Insurance Facility (CCRIF).

During 2024, the Company received a parametric insurance payout of \$25,062,768 after the passage of Hurricane Beryl on July 1, 2024, which devastated its operations in the north of Grenada and Carriacou (Note 2q) (Note 19).

17. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Trade creditors	14,889,924	14,174,107
Sundry creditors	9,151,441	10,064,969
Accrued expenses	<u>13,569,176</u>	<u>11,871,264</u>
Total trade and other payables	<u>37,610,541</u>	<u>36,110,340</u>

The allocation for profit sharing (Note 2x) for the year is calculated on pre-tax profits. The profit sharing payable at year-end amounts to \$4,109,712 (2023: \$6,301,903). As of the start of 2024, the provision for donations was \$6,092,807. With a 2024 spend of \$1,163,994, the year ended with a substantial closing provision balance of \$4,928,813. The decision was made to postpone the annual donation allocation until these funds have been disbursed per the GCPI policy. A review of this decision will be done in 2026.

18. CUSTOMERS' CONTRIBUTION TO LINE EXTENSIONS

	2024	2023
	\$	\$
Balance at 1 January	11,505,632	9,906,011
Additions	2,569,233	1,988,733
Refunds, transfers to income and reversals (net)	<u>(209,066)</u>	<u>(389,112)</u>
Customers' contributions at 31 December	<u>13,865,799</u>	<u>11,505,632</u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

19. DEFERRED INCOME (CCRIF)

	2024	2023
	\$	\$
At 1 January		
Received during the year	25,062,768	-
Released to the statement of comprehensive income	<u>(3,257,077)</u>	<u>-</u>
At 31 December	<u>21,805,691</u>	<u>-</u>
Current	-	-
Non-current	21,805,691	-

The insurance payout of \$25,062,768 from the Caribbean Catastrophe Risk Insurance Facility (CCRIF) was received in settlement of the Company's parametric insurance policy, which was triggered upon the passage of Hurricane Beryl in July 2024. (Note 2q)

20. REVENUE- NON-FUEL CHARGE

	2024	2023
	\$	\$
Domestic	41,200,685	38,083,624
Commercial	64,643,293	57,603,711
Industrial	2,464,167	2,166,879
Street lighting	<u>1,393,535</u>	<u>1,403,898</u>
	<u>109,701,680</u>	<u>99,258,112</u>

21. OTHER INCOME

	2024	2023
	\$	\$
Sundry revenue (Note 2r)	5,199,663	2,829,387
(Loss)/gain on disposal of property, plant, and equipment	<u>(581,088)</u>	<u>2,189</u>
	<u>4,618,575</u>	<u>2,831,576</u>

The amounts related to the release of deferred income from CCRIF into the statement of comprehensive income are included as part of sundry revenue. (Note 2q)

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

22. EXPENSES BY NATURE

	2024	2023
	\$	\$
Fuel	141,029,641	134,886,599
Plant maintenance	25,179,545	12,243,827
Line maintenance	1,764,020	2,567,609
General repairs and maintenance	3,667,078	2,509,164
Hurricane expenses	2,537,377	-
Employee benefits	30,286,794	33,789,939
Depreciation (Notes 4 and 5)	11,340,356	11,154,275
Insurance	4,238,652	3,627,834
Expected credit losses (Note 10)	(4,762)	(792,897)
Other expenses	<u>11,854,971</u>	<u>9,586,408</u>
Total operating expenses	<u><u>231,893,672</u></u>	<u><u>209,572,758</u></u>
Employee benefits include:		
Salaries and wages	26,964,523	30,040,063
Social security	998,712	920,648
Pension (Note 15)	3,019,470	2,757,144
Group Insurance	<u>797,927</u>	<u>737,119</u>
	<u><u>31,780,632</u></u>	<u><u>34,454,974</u></u>
Allocated as follows:		
Operating expenses	30,286,794	33,789,939
Capitalised expenses	<u>1,493,838</u>	<u>665,035</u>
	<u><u>31,780,632</u></u>	<u><u>34,454,974</u></u>

23. FINANCE COSTS

	2024	2023
	\$	\$
Bank loans/bond interest	1,039,105	1,297,436
Interest- right-of-use assets (Note 5)	151,780	149,299
Customer deposit interest	<u>799,919</u>	<u>757,234</u>
	<u><u>1,990,804</u></u>	<u><u>2,203,969</u></u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

24. TAXATION*Corporate tax expense*

	2024	2023
	\$	\$
Current taxation	1,471,565	6,269,278
Deferred tax	<u>1,363,780</u>	<u>1,384,264</u>
Taxation charge	<u><u>2,835,345</u></u>	<u><u>7,653,542</u></u>

Income taxes in the statement of comprehensive income vary from amounts that would be computed by applying the statutory tax rate of 28% (2023- 28%) for the following reasons:

	2024	2023
	\$	\$
Profit for the year before taxation	<u>10,392,001</u>	<u>28,938,687</u>
Corporate tax at the applicable statutory rate 28% (2023 - 28%)	2,909,760	8,102,832
Tax effect of items that are adjustable in determining taxable profit:		
Tax effect of hurricane reserve	-	(534,707)
Effect of expenses not deductible for tax purposes	<u>(74,415)</u>	<u>85,417</u>
Tax charge for the year	<u><u>2,835,345</u></u>	<u><u>7,653,542</u></u>
Corporate tax recoverable	<u><u>(5,171,742)</u></u>	<u><u>(374,029)</u></u>

Deferred Tax

The deferred tax liability on the statement of financial position consists of the following components:

	2024	2023
	\$	\$
Delayed tax depreciation	66,337,953	61,404,086
Right of use assets	2,505,396	2,420,718
Lease liabilities	<u>(2,868,056)</u>	<u>(2,720,154)</u>
	<u><u>65,975,293</u></u>	<u><u>61,104,650</u></u>
Deferred tax liability at statutory rate 28% (2023 - 28%)	<u><u>18,473,082</u></u>	<u><u>17,109,302</u></u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

25. RELATED PARTY TRANSACTIONS

- i) During the year, the Company engaged in transactions with its majority shareholder, the Government of Grenada, and the National Insurance Scheme (NIS), owner of 11.6% of its shares. The following transactions were carried out with these entities:

	2024	2023
	\$	\$
a) Sale of electricity:		
NIS	<u>287,282</u>	<u>302,449</u>
Government of Grenada	<u>19,120,724</u>	<u>19,376,037</u>
b) Payment of dividends:		
NIS	<u>705,548</u>	<u>881,935</u>
Government of Grenada	<u>4,340,044</u>	<u>5,425,055</u>
c) Amounts due to related parties*		
NIS (NIS contributions for staff - December)	<u>165,279</u>	<u>138,563</u>
Government of Grenada (taxes at year-end)	<u>2,396,981</u>	<u>2,355,905</u>
d) Amounts due by related parties*		
NIS (electricity - December)	<u>20,191</u>	<u>23,580</u>
Government of Grenada (electricity - December, tax recoverable, subsidy receivable)	<u>6,653,406</u>	<u>2,328,129</u>

* The amounts are classified as trade payables and trade receivables, respectively.

Terms and conditions of transactions with related parties

The sales to and amounts due from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest-free, and settlement occurs in cash. No guarantees have been provided or received for related party receivables or payables. For the year ended 31 December 2024, the Company recognised a provision for expected credit losses of \$2,921 relating to amounts owed by related parties (2023 - \$5,204).

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

25. RELATED PARTY TRANSACTIONS (continued)

ii) Compensation of key management personnel of the Company:

	2024 \$	2023 \$
Salaries and other benefits	<u>5,236,350</u>	<u>3,271,117</u>
Directors' Fees	<u>267,903</u>	<u>349,250</u>
Past employment benefit provisions	<u>499,422</u>	<u>420,807</u>

The above amounts are recognised as an expense related to key management personnel during the reporting period.

26. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit or loss for the year by the weighted average number of common shares issued during the year.

	2024 \$	2023 \$
Net profit for the year	<u>7,556,656</u>	<u>21,285,145</u>
Weighted average number of common shares	<u>19,000,000</u>	<u>19,000,000</u>
Earnings per share	<u>0.40</u>	<u>1.12</u>

27. CONTINGENT LIABILITIES*a. Customs bonds*

At the statement of financial position date, the Company was contingently liable to the Government of Grenada for customs bonds of \$350,000 (2023 - \$350,000).

b. Litigation

The Company is a party to certain legal actions brought against it by third parties. In the directors' opinion, after taking appropriate legal advice, the outcome of such actions will not result in any significant additional liabilities. Therefore, no provision has been made in these financial statements.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

28. CAPITAL COMMITMENTS

The Company budgeted capital expenditures of \$16,835,837 (2023 - \$8,083,737) for the 2024 financial year. Additionally, \$9,338,643 of the incomplete 2023 approved budget was included in 2024 to facilitate the completion of several ongoing projects. At year-end, \$7,359,372 (2023 - \$4,351,807) was contracted.

29. DIVIDENDS

During the year ended 31 December 2024, a dividend of 32 cents (2023 - 40 cents) per ordinary share amounting to \$6,080,000 was declared and paid (2023 - \$7,600,000).

These 2024 dividends were declared and approved quarterly as follows:

Quarter	Declaration Date	Approval Date	Amount \$
First	28 March 2024	3 April 2024	1,520,000
Second	27 June 2024	5 July 2024	1,520,000
Third	29 August 2024	23 September 2024	1,520,000
Fourth	11 December 2024	13 December 2024	<u>1,520,000</u>
		Total	<u><u>6,080,000</u></u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

30. FINANCIAL RISK MANAGEMENT*Financial instruments by category*

At 31 December	2024 \$	2023 \$
	Financial assets	Financial assets
Assets per statement of financial position		
Cash on hand and at bank (Note 11)	21,541,658	16,710,362
Financial assets at amortised cost (Note 7)	40,322,277	40,391,119
Trade and other receivables (less prepayments) (Note 9)	<u>31,278,152</u>	<u>34,625,078</u>
Total	<u>93,142,087</u>	<u>91,726,559</u>
	Other financial liabilities at amortised cost \$	Other financial liabilities at amortised cost \$
Liabilities per statement of financial position		
Lease liabilities (Note 5)	2,868,056	2,720,154
Borrowings (Note 14)	23,968,770	31,045,234
Trade and sundry creditors (Note 17)	24,041,365	24,239,076
Customers' deposits (Note 13)	21,338,889	20,493,266
Customers' contributions to line extensions- refundable (Note 18)	13,253,435	10,859,957
Retirement benefits payable (Note 15)	515,032	338,602
Profit sharing payable (Note 17)	<u>4,109,712</u>	<u>6,301,903</u>
Total	<u>90,095,259</u>	<u>95,998,192</u>

Financial risk factors

The Company's activities expose it to various financial risks: credit risk, operational risk, liquidity risk, insurance risk and market risk (including foreign exchange and interest rate risk). The Company's overall risk management policy minimises potential adverse effects on its financial performance and optimises shareholders' value within an acceptable level of risk. The Company's management carries out risk management under the direction of the Board of Directors.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

30. FINANCIAL RISK MANAGEMENT (continued)***Financial risk factors (continued)***

The Board of Directors has established committees responsible for developing and monitoring the Company's risk management policies in their specified areas. These committees report to the Board of Directors on their activities. The committees and their activities are as follows:

Audit Committee

The Audit Committee oversees the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

Loans Committee

The Loans Committee is comprised of members of management who are responsible for approving staff loan applications and ensuring that only those that meet the requirements set out in the Staff Loan and Procedure Policy are approved.

The Company's exposure and approach to its key risks are as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the Company's trade receivables and financial investments.

Credit risk from trade receivables is substantially reduced due to the policies implemented by management. Upon application for a new service, all customers must make a deposit, and management performs periodic credit evaluations of its general customers' financial conditions. During the year, the Company's credit risk protections of estimated credit losses (note 9) and deposits (note 13) exceeded its trade debtors by \$946,722 (maximum exposure for 2023- \$174,756).

To limit its exposure to credit risk arising from financial investments, the Company places these funds with highly rated financial institutions.

Based on the above, however, management does not believe significant credit risk exists at 31 December 2024 or 2023. Note 9 discloses further analysis of the Company's trade and other receivables.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

For The Year Ended 31 December 2024

(Expressed in Eastern Caribbean Dollars)

30. FINANCIAL RISK MANAGEMENT (continued)***Operational risk***

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology, and infrastructure and from external factors other than credit, market, and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for developing and implementing controls to address operational risk is assigned to senior management within each business unit. The development of overall Company standards for the management of operational risk in the following areas supports this responsibility:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks and the adequacy of controls and procedures to address identified risks.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards; and
- Risk mitigation, including insurance, as outlined below.

Insurance risk

Prudent management requires that a company protect its assets against catastrophe and other risks. To protect its customers and investors, the Company has fully insured its plant and machinery, buildings, computer equipment, and furniture against substantially all perils. The Company's Transmission and Distribution systems are self-insured via the hurricane reserve mechanism. Further, the Company's parametric insurance policy is intended to meet any shortfall in self-insurance.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting the obligations associated with its financial liabilities, which are settled by delivering cash or another financial asset.

Management monitors the Company's liquidity reserve, which comprises overdraft facilities and cash and cash equivalents (Notes 11 and 14), based on expected cash flows and believes that the Company holds adequate cash and credit facilities to meet its short-term obligations.

GRENADA ELECTRICITY SERVICES LIMITED
Notes to the Financial Statements
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(Expressed in Eastern Caribbean Dollars)

30. FINANCIAL RISK MANAGEMENT (continued)

The table below summarises the Company's liquidity position:

Balance at 31 December 2024	Less than 1 year \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Over 5 years \$	Total \$
Assets					
Cash on hand and at bank	21,541,658	-	-	-	21,541,658
Financial assets at amortised cost	40,322,277	-	-	-	40,322,277
Trade and other receivables (less prepayments)	<u>31,278,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,278,152</u>
Total assets	<u>93,142,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,142,087</u>
Liabilities					
Lease liabilities	519,938	820,144	513,994	2,602,920	4,456,996
Borrowings	7,331,450	7,088,707	11,313,967	-	25,734,124
Trade and sundry creditors	24,041,365	-	-	-	24,041,365
Customers' deposits	-	-	-	21,338,889	21,338,889
Customers' contribution to line extension- refundable (Note 18)	13,253,435	-	-	-	13,253,435
Retirement benefits payable	515,032	-	-	-	515,032
Profit sharing payable	<u>4,109,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,109,712</u>
Total liabilities	<u>49,770,932</u>	<u>7,908,851</u>	<u>11,827,961</u>	<u>23,941,809</u>	<u>93,449,553</u>

GRENADA ELECTRICITY SERVICES LIMITED
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(Expressed in Eastern Caribbean Dollars)

30. FINANCIAL RISK MANAGEMENT (continued)

Balance at 31 December 2023

Assets

Cash on hand and at bank	16,710,362	-	-	-	16,710,362
Financial assets at amortised cost	40,391,119	-	-	-	40,391,119
Trade and other receivables (less prepayments)	<u>34,625,078</u>	-	-	-	<u>34,625,078</u>
Total assets	<u>91,726,559</u>	-	-	-	<u>91,726,559</u>

Liabilities

Lease liabilities	426,100	687,097	581,478	2,784,220
Borrowings	8,127,812	7,350,908	17,608,868	827,648
Trade and sundry creditors	24,239,076	-	-	-
Customers' deposits	-	-	-	20,493,266
Customers' contribution to line extension- refundable (Note 18)	10,859,957	-	-	-
Retirement benefits payable	338,602	-	-	-
Profit sharing payable	<u>6,301,903</u>	-	-	-
Total liabilities	<u>50,293,450</u>	<u>8,038,005</u>	<u>18,190,346</u>	<u>24,105,134</u>

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

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(Expressed in Eastern Caribbean Dollars)

30. FINANCIAL RISK MANAGEMENT (continued)***Market risk******(i) Foreign exchange risk***

Foreign exchange risk is the potential adverse impact on the Company's earnings and economic value due to movements in exchange rates.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the entity's functional currency. The Company is exposed to foreign exchange risk arising primarily from foreign currency borrowings and purchases of plant, equipment, and spare parts from foreign suppliers. The exchange rate of the Eastern Caribbean dollar (EC\$) and the United States dollar (US\$) has been formally pegged at EC\$2.70=US\$1.00 since July 1976.

The Company has limited exposure to foreign exchange risk, primarily from purchasing plant, equipment, and spare parts from foreign suppliers. The Company attempts to enter into transactions denominated mainly in United States dollars.

The Company has not entered into forward exchange contracts to reduce its exposure to fluctuations in foreign currency exchange rates.

(ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Long-term borrowings also expose the company to interest rate risk. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, while borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company manages its interest rate risk by having a balanced portfolio of fixed- and variable-rate loans and borrowings. On 31 December 2024, the Company held borrowings at both fixed and floating interest rates, with 7% of the portfolio being at fixed rates. The Company's interest rates and the terms of borrowings are disclosed in Note 14.

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

GRENADA ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

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(Expressed in Eastern Caribbean Dollars)

30. FINANCIAL RISK MANAGEMENT (continued)***Capital risk management (continued)***

To maintain or adjust the capital structure, the company may, subject to Board approval as appropriate, vary the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company also monitors capital based on a target debt-to-equity ratio of 1.25:1 or less, indicating a strong financial position and flexibility. This ratio is calculated as total borrowings divided by total equity.

The debt-to-equity ratios at 31 December were as follows:

	2024 \$	2023 \$
Total borrowings (Note 14)	<u>23,968,770</u>	<u>31,045,234</u>
Shareholders' equity	<u>131,029,073</u>	<u>129,552,417</u>
Debt to equity ratio	<u>0.18:1</u>	<u>0.24:1</u>

Fair value estimation

Fair value amounts represent estimates of the consideration currently agreed upon between knowledgeable, willing parties under no obligation to act—a quoted market price is the best evidence of this if one exists. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Fair value measurements are required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information, including the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model.

Due to their short-term nature, the carrying value of cash, short-term deposits, trade receivables less impairment provision, and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes (Note 14) is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

31. OPERATING SEGMENTS

The Company operates within one specific geographical segment, the country of Grenada, where the primary business is the generation and supply of electricity to customers.

32. SUBSEQUENT EVENTS

No significant events occurred after the reporting period date affecting the financial performance, position or changes therein for the reporting period presented in the annual financial statements.

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR OPERATIONAL RECORD 2020-2024

	2024	2023	2022	2021	2020
PRODUCTION AND SALES					
Generation - Grenlec Diesel	280,242,467	259,922,593	243,527,112	224,563,914	218,528,643
Generation - Grenlec PV	1,404,986	1,287,057	1,292,981	1,408,907	1,398,113
Generation - PV Customers	3,341,800	2,979,978	2,827,261	2,940,372	2,800,487
Gross Generation (kWh)	284,989,253	264,189,628	247,647,354	228,913,193	222,727,243
Auxillaries & Own Use	6,767,043	6,432,099	6,837,635	7,305,921	7,477,023
Net Generation	278,222,210	257,757,529	240,809,719	221,607,272	215,250,220
Sales (kWh)					
Domestic	101,157,151	93,249,966	89,981,589	86,011,856	84,377,072
Commercial	147,686,997	133,440,851	125,643,876	110,167,815	104,620,226
Industrial	8,097,100	7,071,369	7,082,429	6,652,162	6,167,168
Street Lighting	3,631,444	3,672,950	3,805,355	4,074,943	4,495,734
Total Sales	260,572,692	237,435,136	226,513,249	206,906,776	199,660,200
Sales Growth	9.74%	4.82%	9.48%	3.63%	-8.00%
Loss (% of Net Generation)	6.32%	7.86%	5.92%	6.61%	7.22%
Number of Customers at Year - End					
Domestic	49,326	49,771	48,884	47,568	45,992
Commercial	7,660	7,938	7,818	7,545	7,282
Industrial	41	41	39	39	40
Street Lights	9,259	9,428	9,300	9,081	8,824
Total Customers	57,027	57,750	56,741	55,152	53,314
Average Annual usage per Customer Class (kWh)					
Domestic	2,051	1,874	1,841	1,808	1,835
Commercial	19,280	16,810	16,071	14,601	14,367
Industrial	197,490	172,472	181,601	170,568	154,179

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR FINANCIAL RECORD 2020 - 2024

EXPRESSED IN EC\$ & US\$

	2024 EC\$	2023 EC\$	2022 EC\$	2021 EC\$	2020 EC\$
INCOME	252,599,396	252,686,245	239,223,581	178,273,029	148,080,951
PROFIT BEFORE TAXES	10,392,001	28,938,687	12,127,689	19,345,100	21,959,446
TAXATION	2,835,345	7,653,542	3,624,604	4,498,266	5,853,232
NET PROFIT	7,556,656	21,285,145	8,503,085	14,846,834	16,106,214
Stated Capital & Retained Earnings	97,119,406	95,642,750	83,867,272	77,834,187	76,459,945
Hurricane Insurance Reserve	33,909,667	33,909,667	32,000,000	32,000,000	30,000,000
SHAREHOLDERS EQUITY	131,029,073	129,552,417	115,867,272	109,834,187	106,459,945
REPRESENTED BY:					
TOTAL ASSETS	275,584,645.00	254,766,670	236,669,041	232,899,730	204,140,024
TOTAL LIABILITIES	144,555,572.00	125,214,253	120,801,769	123,065,543	97,680,079
NET ASSETS	131,029,073	129,552,417	115,867,272	109,834,187	106,459,945
FINANCIAL RATIOS					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	6%	14%	7.34%	13.52%	15.13%
Earnings Per Share	0.40	1.12	0.45	0.78	0.85
Dividends Per Share	0.32	0.40	0.13	0.52	0.52
	US\$	US\$	US\$	US\$	US\$
INCOME	93,555,332	93,587,498	88,601,326	66,027,048	54,844,797
PROFIT BEFORE TAXES	3,848,889	10,718,032	4,491,737	7,164,852	8,133,128
TAXATION	1,050,128	2,834,645	1,342,446	1,666,024	2,167,864
NET PROFIT	2,798,761	7,883,387	3,149,291	5,498,827	5,965,264
Stated Capital & Retained Earnings	35,970,150	35,423,241	31,061,953	28,827,477	28,318,498
Hurricane Insurance Reserve	12,559,136	12,559,136	11,851,852	11,851,852	11,111,111
SHAREHOLDERS EQUITY	48,529,286	47,982,377	42,913,805	40,679,329	39,429,609
REPRESENTED BY:					
TOTAL ASSETS	102,068,387	94,509,944	87,655,200	86,259,159	75,607,416
TOTAL LIABILITIES	53,539,101	46,527,568	44,741,396	45,579,831	36,177,807
NET ASSETS	48,529,286	47,982,376	42,913,804	40,679,328	39,429,609
FINANCIAL RATIOS					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	5.77%	16.43%	7.34%	13.52%	15.13%
Earnings Per Share	0.15	0.41	0.17	0.29	0.31
Dividends Per Share	0.12	0.15	0.05	0.19	0.19

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR FINANCIAL RECORD

For the Years 2020 to 2024

	2024	2023	2022	2021	2020
	EC\$	EC\$	EC\$	EC\$	EC\$
Profit before interest	20,705,724	43,113,487	22,622,576	30,712,827	32,012,484
Current Assets	136,816,401	123,420,002	104,776,114	104,403,525	90,456,277
Current Liabilities	62,987,115	61,611,609	52,560,224	51,613,665	37,500,979
Trade Debtors	22,908,664	23,197,400	25,468,954	17,191,622	12,477,625
Total Assets	275,584,645	255,176,850	236,669,041	232,899,730	204,140,024
Total Borrowings	23,968,770	31,045,234	38,215,646	43,567,491	32,283,458
Shareholders Equity	131,029,073	129,552,417	115,867,272	109,834,187	106,459,945
Sales	247,980,821	249,854,669	236,586,653	166,198,515	144,000,916
Net Income	7,556,656	21,285,145	8,503,085	14,846,834	16,106,214
	2024	2023	2022	2021	2020
	EC\$	EC\$	EC\$	EC\$	EC\$
Current Ratio	2.17	2.00	1.99	2.02	2.41
Days Sales Outstanding	33.72	33.89	39.29	37.76	31.63
Profit Margin	3.05%	8.52%	3.59%	8.93%	11.18%
Asset Turnover	89.98%	97.91%	99.97%	71.36%	70.54%
Financial Leverage	210.32%	196.97%	204.26%	212.05%	191.75%
Return on Equity	5.77%	16.43%	7.34%	13.52%	15.13%
ROIC	11.17%	19.73%	10.59%	15.14%	16.72%
Trade Debtors as % of Sales	9.24%	9.28%	10.77%	10.34%	8.66%
Non-Fuel Revenue	109,701,680	99,258,112	78,754,519	85,498,702	82,649,287
Operating Revenue	247,980,821	249,854,669	236,586,653	166,198,515	144,000,916
Production Costs	39,024,561	25,385,123	18,060,381	16,717,143	20,303,232
Fuel Consumed	141,029,641	134,886,599	152,600,108	83,822,603	55,936,153
Distribution Services	22,651,293	21,022,722	17,873,706	14,058,152	10,892,373
Planning & Engineering	3,049,273	3,290,058	3,156,215	3,072,233	2,473,254
Administration	26,138,904	24,988,256	19,831,625	21,369,380	17,046,068
Depreciation	11,341,812	11,154,275	10,078,969	8,520,690	8,351,493
Total Salaries & Wages	30,286,794	33,789,939	27,869,039	28,931,171	22,820,408

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR FINANCIAL RECORD

For the Years 2020 to 2024

	2024	2023	2022	2021	2020
	EC\$	EC\$	EC\$	EC\$	EC\$
<u>Operating Expenses as % of Non Fuel Revenue</u>					
Production Costs	32.23%	22.93%	19.55%	24.57%	18.19%
Fuel Consumed (of Operating Revenue)	53.99%	64.50%	50.44%	38.84%	47.50%
Distribution Services	26.69%	22.70%	16.44%	13.18%	11.87%
Planning & Engineering	4.18%	4.01%	3.59%	2.99%	2.95%
Administration	31.73%	25.18%	24.99%	21.71%	20.48%
Depreciation	14.16%	12.80%	9.97%	10.10%	8.68%
Total Salaries & Wages	42.91%	35.39%	33.84%	27.61%	26.04%
Profit as % of Non-Fuel Revenue	27.03%	10.80%	17.36%	19.49%	26.17%
Debt / Equity	0.24	0.33	0.40	0.30	0.37
ROA (Return on Assets)	8.34%	3.59%	6.37%	7.89%	11.47%
EBITDA (EC\$)	54,267,762	32,701,545	39,233,517	40,363,977	54,806,470
Funded Debt (EC\$)	31,045,234	38,215,646	43,567,491	32,283,458	36,659,425
Funded Debt to EBITDA (x:1)	0.57:1	1.17:1	1.11:1	0.8:1	0.67:1

NOTES

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