Schedule 2
FORM ECSRC-OR

(Select One)
[ ] **QUARTERLY FINANCIAL REPORT** for the period ended 30, September 2024
Pursuant to Section 98(2) of the Securities Act, 2001

OR

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

Issuer Registration Number: GRENLEC27091960G

Grenada Electricity Services Limited
(Exact name of reporting issuer as specified in its charter)

(Territory or jurisdiction of incorporation)

P.O. Box 381, Dusty Highway, Grand Anse, St. George
(Address of principal executive Offices)

Reporting issuer's:
Telephone number (including area code): **(473) 440-3391**
Fax number: **(473) 440-4106**
Email address: **lfrancis@grenlec.com**

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuers classes of common stock, as of the date of completion of this report 1 .

CLASS	NUMBER
Ordinary	**19000000**

<u>SIGNATURES</u>

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

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

Name of Chief Executive Officer:
Leroy A.E. Abraham

Signature:

31st October 2024
Date

Name of Director:
James Pitt

Signature:

31st October 2024
Date

Name of Chief Financial Officer:
Lydia Courtney-Francis

Signature

31st October 2024
Date

1. **Financial Statements.**

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

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

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

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

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

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

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

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

General Discussion and Analysis of Financial Condition

The following table provides information as at September 30, 2024, with comparatives at September 30, 2023, and December 31, 2023, of GRENLEC's compliance with various financial loan covenants.

There was a marked improvement in all ratios (Debt Service Coverage, Funded Debt to EBITA, and Liquidity) at the end of the third quarter, as compared to the same period in 2023. A review of the data in the table below indicates that the Company's performance continues to improve over the same period in 2023 and is also ahead of December 2023.

<u>Covenant Table</u>

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	Covenant Ratio	**Sep-24**	**Sep-23**	**Dec-23**
Current Ratio	>= 1.35:1	2.16:1	2:1	2.01:1
Debt Service Coverage	>= 1.75:1	5.94:1	2.62:1	4.88:1
Ratio				
Funded Debt to EBITDA	<= 3:1	0.51:1	1.07:1	0.75:1

Grenlec's performance is significantly ahead at the third quarter in comparison to the equivalent period last year. The third quarter continued to see consecutive month-on-month kWh unit sales growth, as was the case in the first and second quarters of 2024, with a double-digit growth of 12.28% for this period compared to the same period of 2023. The non-fuel dollar sales continue to perform strongly compared to September of 2023 and have recorded a year-on-year increase of 12.26%.

In the first nine months of 2024, the Company's net assets increased from $129.55M to $150.51. Non-current assets increased from $123.3M to $142.7M and was mainly as a result of increased in Inventory and Debtor balances and the receipt of the Caribbean Catastrophic Insurance payout due to Hurricane Beryl. Cash and cash equivalents increased significantly from $16.71M at the end of December 2023, to $25.03M in the nine months to September 2024. The net increase in cash and cash equivalents of $8.32M was due mainly to the receipt of the CCRIF payout for Hurricane Beryl offset by increased expenditure for business operations

Trade receivables increased by 15.64% , over the first three quarters of 2023, up from December 2023 ($23.17M), to $26.87M, with the Commercial, Residential, Industrial and Government showing increases, while Statutory and Hotels which showed decreases. This overall increase was mainly due to the average increase in consumption year on year and Commercial Sector debt moving age buckets from 30 – 60 days. This was short term as the situation was remedied in early October when payments were made. Debtor days recorded at December 2023 was 32.44 days and increased by 2.91 days to 35.35 days over the nine months to September 2024 and are over budget of 32.90days. At September 2023, Debtor days were at a low of 31.38 . The quality of the accounts receivable portfolio for the current portion performed well at 91.46% for up to 90 days category, compared to 89.8% in December 2023 and 86.7% in September 2023, while the amounts outstanding over 90 days decreased from 13.2% to 8.6% for the same period.

Liquidity and Capital Resources

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

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

Discussion of Liquidity and Capital Resources

(a) Liquidity

As at the end of the third quarter of 2024 the Company recorded a current ratio of 2.16:1 and was in position to meet its operational requirements at a level above the lender institution’s benchmark of 1.35:1.

We have seen the average electricity rate remain fairly stable over the first nine months of 2024 with September recording a rate of $1.02/kWh. This is mostly in line with the $1.00/kWh in September 2023 after a high of $1.18/kWh at the end of December 2023. We had seen an uptick in fuel price per imperial gallon over the first quarter of 2024 and while the average energy rate was $1.10/kWh in 2023, year-to-date the average price is $1.03/kWh due to the recent decreases. We expect this new downward trend to continue until the end of the year 2024.

Cash provided from operating activities for the nine months to September 30, 2024, of $25.04M was marginally below the $26.5M for the same period last year and was higher than the $16.71M at the end of December 2023. Profit before Tax of $34.99M is higher than the $26.42M for the first nine months of 2023 and mainly due to a combination of Caribbean Catastrophic Risk Insurance Facility (CCRIF) payout due to Hurricane Beryl offset by the higher operating expenditure in 2024 compared to 2023. Receivables increased by $3.69M while there was a decrease in payables of $2.82M compared to the year-end and lower and was also lower than the prior year by $2.68M. There was a movement to the 60-day debt category for commercial customers due to missed due date, however this was reduced in early October when payments were made. Cash used in investing activities was $7.05M for the first three quarters of 2024 as compared to $12.53M at December 2023, and $7.78M at September 2023. This represents Capital Works YTD and is at a comparable rate t the prior year. Purchase of Property, Plant, and Equipment YTD is $2.9M, while Work in Progress and Suspense Jobs are at $7.89M.

Financing activities in the first nine months of 2024 related mainly to the payment of the first three quarter's dividend at a lower rate of eight cents per share compared to the ten cents previously paid. The Board has taken a prudent approach to the reduce dividends, as the company's performance stabalises and in preparation for upcoming investments which will be undertaken in 2025. Repayment of borrowings took place as scheduled. These activities resulted in cash used in financing activities of $9.84M, while the prior year September YTD was higher at $10.08M, a reflection of the lower dividend payment.

Overall, during the first nine months of the year, the cash position increased by 49.58% from December 2023's cash balance of $16.71M. The Company met all its obligations in the period, and, based on its current cash flow projections can be expected to continue to do so for the foreseeable future.

(b) Capital Resources

Capital Projects and Suspense Jobs was $10.15M. This is less than 50% of the budget for 2024 and it is anticipated that some projects will roll over into 2025.

The Company does not face any significant challenge with regard to capital resources for its recurrent or capital operations. It has maintained its overdraft facility with Grenada Co-operative Bank Limited (who took over the operations of CIBC) in the amount of $6M. Additionally, there is $6.5M in certificates of deposits that are not associated with the Hurricane Fund which is included within the reported $40.40M of financial assets at amortised cost.

Off Balance Sheet Arrangements

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

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

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

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

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

None

Results of Operations

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

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

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

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

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

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

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

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

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

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

ix) Performance goals, systems and, controls.

Overview of Results of Operations

The Company's financial performance for the first nine months of 2024, showed significant improvement on 2023 revenues due to growth in kWh sales year on year. In the last quarter of 2023, the company started reporting fuel as a 100% pass through of fuel costs to customers, through the Fuel Adjustment Clause (FAC) . Therefore in 2024, we will not see any over or under-recovery of fuel being reported as in prior years.

Non-fuel revenue is ahead by 12.26% YTD ($8.90M) when compared to the same period in 2023. YTD kWh units sold increased by 11.18%, or 19.46M kWh ahead of September 2023, and were also 7.08% (12.79M kWh) higher than budget. In the month of September 2024, units sold were 5.63% higher than in 2023 and 1.75% higher than budget. All sectors recorded increased kWh sales in comparison to 2023, notably Commercial (8.07%), Residential (1.23%), and Industrial (17.23%) growth year on year was recorded, while Streetlight remains stable (-0.23%).

The company is closely monitoring the international oil market, where oil price increases were having a negative impact on fuel prices in 2023. Between August and September 2023, there was a significant increase in the average price per imperial gallon of fuel, amounting to a 16% rise. This trend continued into December 2023, but has been showing signs of decline in 2024. This price change is now monitored daily as we keep track of our fuel cost expenditure and to ensure proper planning.

Unit sales (excluding own use) for the first three quarters of 2024 was 11.21% (19.61 million kWh) higher than 2023, and 7.08% ahead of budget. This is the highest growth rates of consecutive monthly performance where each month produced the highest kWh sales in the history of the organisation, when compared to any prior periods.

Total revenue to September 2024 increased by 18.60%, to $218.40M compared to $184.09M for the equivalent period of 2023. This increase is attributable to the increases saled in kWh units. The average fuel charge in the first nine months of 2024 was $1.02 down from the $1.11 for the first 9 months of 2023.

Operating and administrative expenses (net of fuel) of $51.21M to September 2024 were adverse to budget by 7.7% was higher than the prior year's actual of $51.21 by 23.21%.

Transmission & Distribution and Planning & Engineering departments showed a combined positive variance to budget, while Production and Corporate Services had an adverse variances. All departments and by extension, the total operating costs (net of fuel) compared to September 2023 have increased by a total of $10.92M.

Total Interest expense of $1.52M is below the budget of $2.62M by $1.10M. Interest related to financing costs of $0.944M reflects the lower loan balances year on year. Interest on loan facility for the replacement of generators have not materialised as the facility was not secured in 2024 as planned.

System losses twelve months rolling average of 7.05% at September 30, 2024 has improved slightly from the 7.15% position at the equivalent point in September 2023 and is marginally above the 7.0%

budget. It is a key strategic driver for the Company and Management monitors system losses closely with the view of keeping it as low as technically possible.

Fuel efficiency of 18.61/kWhr per imperial gallon in the first nine months of 2024 has been lower than the 19.17/kWhr with the ratio we have seen for the same period of 2023 below the budgeted amount of 19.224/kWh per imperial gallon.

3. Disclosure about Risk Factors.

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

Major Risks and Regulatory Environment

- **Parametric Insurance**

- After several months of consultation, the company has supplemented its self-insurance by adding parametric insurance to its portfolio. Effective 1st September 2023, the company subscribed to the Caribbean Catastrophic Risk Insurance Facility (CCRIF) Program, which enabled the company to claim for storm damages related to Hurricane Beryl. On July 1 2024, Hurricane Beryl, a category 4 hurricane, swept through the northern part of Grenada and Carriacou and Petit Martinique causing major disruption to the electricity infrastructure. The company received a payout of $25.06M towards restoration efforts. Restoration work was fully completed in Grenada within a month while the rebuilding process in Carriacou and Petit Martinique, which is about 90% complete, took approximately 4 months and is still ongoing.

- **The 2016 Electricity Act, the 2017 Amended Electricity Act, and the 2016 Public Regulatory Commission Act**

- Small Scale Independent Power Producer (SSIPP) Pilot Program

The consultation on the Power Purchase Agreement (PPA) with the PURC, Grenlec and the SSIPs has been concluded. The PURC has granted licences to the first seven (7) customers to be connected to the grid and Grenlec is working with them to achieve connection to the Grid.

- Net Metering Vs Net Billing – the company and the PURC is engaged in discussions regarding unresolved rates for self-generators mainly due to each parties differing interpretation of Article 32(4). Discussions are ongoing with the PURC and we trust this matter could be resolved by year end,

- **Generator Rental Costs**

- Due to the growth year-on-year in kWh usage, Grenlec has been experiencing peaks above the N-2 requirement for its current generating fleet. The peaks have been close to the 40MW threshold and represented the forecasted growth in 2025. As a result, the company has secured rental capacity of 10MW of power to satisfy demand, while proposals for the appropriate mix of renewable and new thermal generation are being assessed by the company. The PURC has approved Grenlec's request for replacement of two (2) engines and discussions are ongoing with our financiers and equipment manufacturers.

The cost of the rentals is expected to be approximately $10.0M per annum, while they remain in operation.

4. Legal Proceedings.

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

There were no pending legal proceedings outstanding as at September 30, 2024 that could materially impact on the Company’s position.

5. Changes in Securities and Use of Proceeds

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

There were no changes in securities during the six months ended September 30, 2024.

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

Offer opening date (provide explanation if different from date disclosed in the registration statement)
30th Nov -0001

Offer closing date (provide explanation if different from date disclosed in the registration statement)
30th Nov -0001

Name and address of underwriter(s)
N/A
N/A

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

Net proceeds of the issue and a schedule of its use
N/A

Payments to associated persons and the purpose for such payments
None

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

None

6. Defaults upon Senior Securities.

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

Payments of principal and interest to Grenada Co-operative Bank Ltd (GCBL) on loans of $48.05M in March 2016 and $3.72M in August 2019 and $16M in March 2021, were made during the first and second quarter ended March 31, 2024 and June 30th 2024 as per the agreement.

The loan for $48.05M was due and payable in full at the end of June 2024, however, the term has been extended for the balloon payment of $16M. This was renegotiated with GCLB to utilize the full term of 12 years over which the loan was initially amortised. All terms and conditions remain the same for the facility.

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

Dividends were paid at the rate of $0.08 per share for the third quarter of 2024 instead of the usual $0.13 per share which obtained quarterly prior to 2022. Following the suspension of dividends for 3 quarters of 2022, payments were restored at $0.10 per share quarterly in 2023. Continuous monitoring of the company's performance to support sustained dividend payments in 2024 at the new rate of $0.08 per share quarterly is being done.

7. Submission of Matters to a Vote of Security Holders

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

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

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

None

8. Other Information.

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