

Schedule 2
FORM ECSRC-OR

(Select One)

☐ **QUARTERLY FINANCIAL REPORT** for the period ended 31, March 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: GRENLEC27091960GR

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's,
(Address of principal executive Offices)

Reporting issuer's:

Telephone number (including area code): 4734403391

Fax number: 4734404106

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

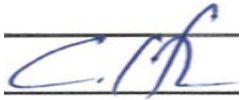
SIGNATURES

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

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

Name of Chief Executive Officer:
CLIVE HOSTEN

Name of Director:
RODNEY GEORGE



Signature:

22-04-2024

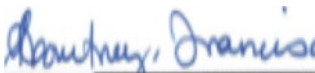
Date

Signature:

22-04-2024

Date

Name of Chief Financial Officer:
LYDIA COURTNEY-FRANCIS



Signature

22-04-2024

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 March 31, 2024, with comparatives at March 31, 2023, and December 31, 2023, of GRENLEC's compliance with various financial loan covenants. Within the first three months, the ratios that are dependent on profitability usually lag the covenant based on the time frame. The table below details the covenant performance to March 31, 2024.

Covenant Table

	Covenant Ratio	March 2024	March 2023	December 2023
Current Ratio	$\geq 1.35:1$	1.84:1	1.99:1	2.01:1
Debt Service Coverage Ratio		0.4:1	1.45:1	
	$\geq 1.75:1$			4.88:1
Funded Debt to EBITDA	$\leq 3:1$	5.78:1	2.72:1	0.75:1

The profit after interest reported for the first quarter of \$5.25M is 62.88% lower than 2023's \$14.14M and 59.61% ahead of the budgeted \$3.29M. This was mainly due to the implementation of the Interim Tariff Determination and the application of the Fuel Adjustment Clause (FAC) which allows 100% pass-through of the fuel cost to customers. The fuel cost recovery rate of 98.07% resulted in an under-recovery of \$0.71M YTD (first quarter 2023 recovery was 128.06%).

In the first three months of 2024, the Company's net assets increased from \$121.96M at March 2023 to \$130.7M. Non-current assets increased from \$130.91M to \$131.51M and is mainly the net effect of increased Work in Progress and Suspense Jobs offset by Depreciation on Fixed Assets and Right-of-Use Assets. Cash and cash equivalents increased substantially by \$11.0M in the three months to March 2024, and is a result of the increased kWh sales over the period.

Trade receivables excluding unbilled sales decreased by 1.01% as compared to the December 2023 position. The favourable collection performance and the decrease in the electricity rate from \$1.10/kWh in December 2023 to \$1.02/kWh in March 2024 were responsible for this movement. Total trade receivables as of March 31, 2024, of \$22.94M, fell by \$0.5M in comparison to December 31, 2023's \$23.17M. All sectors decreased, except the Commercial sector which increased by 13.61%

(\$1.38M).

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

♦ **Liquidity**

As at the end of the first quarter of 2024, the Company recorded a current ratio of 1.84:1 and was in a position to meet its operational requirements at a level above the lender institution's benchmark of 1.35:1.

Electricity rates to March 2024 averaged \$1.02 per kWh, a decrease of 10.43 as compared to that of \$1.20 per kWh for the same period in 2023. The fuel charge for the month of March 2024 of \$1.04/kWh decreased by 10.46% from March 2023's \$1.16/kWh.

The Company's Cash flow position as of March 31, 2024, represented by cash and cash equivalents (before overdrafts) of \$24.63M increased by \$1.26M as compared to December 31, 2023's \$23.37M but was ahead of March 2023's \$15.75M by \$76.02%. This was after all commitments, including those related to borrowings, were made as scheduled. The first quarter's dividends of \$1.52M were paid, as well as capital expenditures of \$2.6M were also made during the period.

Receivables increased by \$0.47M while payables increased by \$0.3M respectively, largely due to the increased collection and increases in the provision for profit sharing for the three months of 2024.

Cash used in investing activities of \$2.6M to March 31, 2024, and is higher than the \$1.76M for the same period of 2023 and reflects the amount for capital works in progress and the purchase of plant & machinery.

Financing activities of \$4.19M and is mostly in line with \$4.01M in the first three months of 2023, and represent repayment of borrowings as scheduled and approval of the first quarter's dividend payments.

Overall, during the first three months of the year, the cash position increased by 38.22% to \$17.85M. 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.

♦ Capital Resources

Capital expenditure works in progress for 2024 of \$1.58M and purchase of assets of \$661K spent from operational cashflow were higher than the \$0.95M and \$661K for 2023, but much lower than the total capital budget approved for spending in the first half of the year.

The Company does not face any significant challenge with regard to capital resources for its recurrent or capital operations. It has an overdraft facility with Grenada Co-operative Bank Limited (GCBL) in the amount of \$6.0M. Additionally, it has \$6.45M in certificates of deposits that are not associated with the Hurricane Fund that is included within the \$40.4M under 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 company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

The Company's financial performance for the first three months of 2024, reflected by its Profit Before Interest, showed a 154.63 percent decrease as compared to the same period in 2023, a decrease of \$8.9M.

This variance is due primarily to the inclusion of fuel over-recovery of \$8.79M in the financial result to March 2023. With the implementation of the Fuel Adjustment Clause (FAC) in September 2023, the cost of fuel is treated as a 100% pass-through to customers, therefore any over or under-recovery on fuel is passed on to the customer in the following month.

KWh sales increased by 10.36% (or 9.01 million kWh units) in the first quarter of 2024, compared to the same period in 2023; that was on the growth base of the 3.64% (1.9m kWh units) increase which was experienced in the first quarter of 2023 compared to the prior year (2022); these growth trends are higher over the last three years, and continuing the positive trends we have experienced coming out of the effects of the pandemic in 2021, when sales declined by 9.63 percent in the first quarter of that year. This first quarter's performance was also 10.05% ahead of budgeted growth in kWh sales for 2024.

The average electricity charge to the month of March 2024 was \$1.04 / kWh and reflects a decrease of 10.43% from March 2023's average of \$1.20/kWh.

Total revenue to March 2024 at \$60.88M was lower by 2.59% from the equivalent period of 2023 (\$62.50M) and higher than the budget of \$55.50 by 9.69%.

The lower fuel revenue is the prime factor affecting this result as fuel is treated as a 100% pass-through whereas the recovery rate to the same period in March 2023 was 128.06 percent producing a net gain of \$8.79M. The growth in Non-Fuel revenue was not sufficient to negate the lower year-on-year total revenue performance.

Operating and administrative expenses, other than fuel, of \$18.23M is 10.62% ahead of the first three months of 2023 (\$16.49M) and relative to the \$11.93M in the comparative period of 2022, and is mainly due to the increase in production costs. Over the first three months of 2024, operating expenses were lower than the budgeted amount of \$189.36M by 5.84% (\$1.13M).

Interest expense of \$0.52M for the three months to March 2024 was 5.45% lower than the \$0.55M for the same period in 2023 and 28.77% lower than the budgeted amount. This decrease is mainly because of the reduction in interest charges for the year to date as compared to 2023 of \$0.55M, as the loan balances continue to decline. The positive variance to budget is due to planned loan financing for which the interest is factored into the budget, but that has not been incurred to date.

System losses twelve months rolling average of 8.04 percent at March 2024 was higher than the 6.26 percent on March 31, 2023. The higher system losses are above the budgeted 7.0% as the company continues to monitor areas contributing to the increase both on the technical and administrative side, of which the latter is a bigger contributor in this instance. This is a key strategic driver for the Company and its importance cannot be over emphasized in the context of the challenging economic

conditions under which the Company operates. Management monitors system losses closely with the view of keeping it as low as technically possible.

The fuel efficiency of 15.48 kWh per US gallon in the first three months of 2024 was below the 16.12 kWh achieved in the same period last year and reflects the performance of the units at the plant, and below the budget of 16.00 kWh per US gallon, There have not been any changes to plant capacity in the last twelve months and the company continues to utilise its overhaul and maintenance procedures that will derive optimal performance from the plant.

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

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

Hurricanes

- ♦ In September 2023, the company took the decision to restructure its self-insurance programme and subscribed to the Caribbean Catastrophic Risk Insurance Facility (CCRIF) with an annual premium of EC\$271K (US\$100K) invested in this facility. After being unable to set aside the usual annual \$2M in 2022 due to our financial performance, in 2023, EC\$0.90K was paid in insurance premiums to CCRIF while EC\$1.91M was allocated to the Hurricane Fund. The Company's Hurricane Reserve increased to \$33.91M at the end of 2023. This is still above the pre-Ivan level of \$14M.

The 2016 Electricity Supply Act, 2017 Supplementary Electricity Act and the 2016 Public Utilities Regulatory Commission Act

- ♦ The 2016 EA and the 2016 PURC Acts commenced on August 1, 2016. These Acts fundamentally alter the regulatory and operating framework. Section 71 of the 2016 ESA repealed the Electricity Supply Act, 1994 (ESA 1994). The 2016 ESA separates Generation and Distribution entities to allow competition in both the generation and distribution areas, and to increase renewable energy in electricity generation. The Act is silent on the issue of whether concessions on customs duties will continue as per the 1994 Electricity Act.
- ♦ In September 2023, the PURC enacted the Interim Tariff Methodology (ITM) which addressed the rate structure of the Non-Fuel Tariff. The ITM also introduced the Fuel Adjustment Clause (FAC) which seeks to pass on the cost of fuel monthly. A new feature of the ITM is also the Renewable Energy being passed to customers, through a new tariff structure, emanating from RE purchased from customers delivering renewable energy to the grid.

- ♦ In addition, the PURC established the Self-Generator Programme for customers in Grenada, Carriacou and Petit Martinique in April 2021.

This Renewable Energy Self -Generator Program is designed for residential and non-residential (commercial) customers. Residential customers can generate up to 120% of their energy consumption from roof top renewable energy (PV solar). Commercial customers can generate up to 60% of their consumption from solar.

Such permits are granted by the Public Utilities Regulatory Commission (PURC), the regulatory body responsible for administering the 2016 Electricity Act and are for a period of up to 15 years, and can be issued without the knowledge of Grenlec.

- ♦ A new Board of Commissioner were recently appointed to lead the affairs of the Public Utilities Regulatory Commission (PURC) and Grenlec's Board of Directors have been engaging the Commissioners in a series of meetings in matters relevant to the regulations. In particular, Grenlec sees the Commercial and Residential Self-Generator Programmes as a potential risk to the Company, if businesses and individuals' appetite for the programme mushrooms and if it is not well managed.

4. Legal Proceedings.

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

There were no pending legal proceedings outstanding as at March 31, 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 quarter ended March 31, 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 N/A
offer

Net proceeds of the issue and a schedule of its use

N/A

Payments to associated persons and the purpose for such payments

(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 CIBC FirstCaribbean on loans of \$48.05M in March 2016 and \$3.72M in August 2019 and \$16M in March 2021, were made during the quarter ended March 31, 2024 as per the agreement.

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

Payment of dividends have been made at the rate of \$0.08 per share for the first quarter of 2024

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.

N/A

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.

None

GRENADA ELECTRICITY SERVICES**Statement of Financial Position as at March 31, 2024 - 2023 and December 31, 2023**

	Unaudited March 31, 2024 EC \$	Unaudited March 31, 2023 EC \$	Audited December 31, 2023 EC \$
ASSETS			
Non Current Assets			
Property Plant and Equipment	120,899,988.65	124,207,810.51	122,975,974.00
Right to Use Assets	2,327,098.95	2,681,899.48	2,420,718.00
Suspense Jobs in Progress	1,531,438.67	1,169,552.74	1,193,251.00
Capital Work in Progress	6,751,266.66	2,868,959.19	5,166,905.00
	<u>131,509,792.93</u>	<u>130,928,221.92</u>	<u>131,756,848.00</u>
CURRENT ASSETS			
Inventories	27,556,125.91	26,604,822.91	27,535,727.50
Trade and Other Receivables	37,927,121.12	33,992,380.06	38,372,614.20
Income Tax Prepaid	-	-	374,028.74
Financial assets at amortised cost	40,411,583.91	38,546,462.24	40,391,118.92
Cash and cash equivalents	27,718,902.29	15,747,376.99	16,710,362.38
	<u>133,613,733.23</u>	<u>114,891,042.20</u>	<u>123,383,851.74</u>
TOTAL ASSETS	<u>265,123,526.16</u>	<u>245,819,264.12</u>	<u>255,140,699.74</u>
SHAREHOLDERS EQUITY AND LIABILITIES	130,700,311.82	121,960,414.41	
SHAREHOLDERS EQUITY			
Stated Capital	32,339,840.00	32,339,840.00	32,339,840.00
Hurricane Insurance Reserve	34,341,915.43	32,500,000.01	33,909,666.67
Retained Earnings	63,302,910.80	51,527,432.36	51,527,432.36
Profit / (Loss) to Date after Dividends	715,645.59	5,593,142.04	11,775,478.44
	<u>130,700,311.82</u>	<u>121,960,414.41</u>	<u>129,552,417.47</u>
Non Current Liabilities			
Consumers' Deposits	20,091,202.05	18,963,028.20	20,493,266.12
Long-term Borrowings	22,343,667.26	28,861,566.57	23,977,659.00
Leased Liabilities	2,286,131.26	2,592,646.23	2,637,316.40
Deferred tax liability	17,109,301.97	15,725,037.90	17,109,301.97
	<u>61,830,302.54</u>	<u>66,142,278.90</u>	<u>64,217,543.49</u>
Current Liabilities			
Short- term borrowings	16,403,840.69	9,368,639.91	7,067,575.00
Trade and other payables	36,012,566.69	30,729,325.18	36,074,188.10
Current portion of Lease Liabilities	329,951.59	329,951.59	82,838.38
Customers' contribution to line extensions	11,660,083.72	10,136,308.61	11,505,632.31
Provision for retirement benefits	346,868.77	243,386.32	338,602.17
Provision for Profit Sharing	7,771,086.11	6,138,266.08	6,301,902.82
Income tax payable	68,514.23	770,693.12	-
	<u>72,592,911.80</u>	<u>57,716,570.81</u>	<u>61,370,738.78</u>
TOTAL LIABILITIES	<u>134,423,214.34</u>	<u>123,858,849.71</u>	<u>125,588,282.27</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u>265,123,526.16</u>	<u>245,819,264.12</u>	<u>255,140,699.74</u>

GRENADA ELECTRICITY SERVICES
STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2024 - 2023 and year ended December 31, 2023

	Unaudited March 31, 2024	Unaudited March 31, 2023	Audited December 31, 2023
<u>INCOME</u>			
Sales - Non Fuel Charge	26,292,525.76	22,798,661.03	99,258,112.23
- Fuel Charge	36,149,914.44	40,119,216.72	149,242,604.45
Unbilled Sales Adjustments	<u>(2,203,369.71)</u>	<u>(1,052,088.39)</u>	<u>1,353,952.35</u>
Net Sales	60,239,070.49	61,865,789.36	249,854,669.03
Other Income	<u>642,736.27</u>	<u>636,591.78</u>	<u>2,831,575.82</u>
TOTAL INCOME	<u>60,881,806.76</u>	<u>62,502,381.14</u>	<u>252,686,244.85</u>
<u>OPERATING COSTS</u>			
Production less Diesel Consumed	7,463,140.86	5,466,023.92	25,385,122.68
Diesel Consumed	36,860,176.55	31,331,604.43	134,886,599.30
Planning & Engineering	670,382.29	804,433.65	3,290,058.23
Distribution	<u>4,643,789.60</u>	<u>4,905,345.94</u>	<u>21,022,722.41</u>
TOTAL OPERATING COSTS	<u>49,637,489.30</u>	<u>42,507,407.94</u>	<u>184,584,502.62</u>
<u>CORPORATE SERVICES</u>	<u>5,474,368.46</u>	<u>5,303,130.93</u>	<u>24,988,255.88</u>
PROFIT BEFORE INTEREST	<u>5,769,949.00</u>	<u>14,691,842.27</u>	<u>43,113,486.35</u>
<u>INTEREST</u>			
Bank Loan Interest	334,304.84	374,804.34	1,446,734.17
Other Bank Interest	-	-	-
Consumer Deposit Interest	<u>188,398.95</u>	<u>180,995.00</u>	<u>757,234.33</u>
TOTAL INTEREST COSTS	<u>522,703.79</u>	<u>555,799.34</u>	<u>2,203,968.50</u>
PROFIT AFTER INTEREST	<u>5,247,245.21</u>	<u>14,136,042.93</u>	<u>40,909,517.85</u>
<u>ALLOCATIONS</u>			
Regulatory Fees	-	-	1,685,531.98
Donations	240,749.83	681,802.15	2,140,959.23
Profit Sharing	<u>1,469,183.29</u>	<u>2,547,099.04</u>	<u>8,144,339.63</u>
TOTAL OTHER CHARGES	<u>1,709,933.12</u>	<u>3,228,901.19</u>	<u>11,970,830.84</u>
PROFIT BEFORE TAXES	3,537,312.09	10,907,141.74	28,938,687.01
Corporation Tax @ 28%	869,417.74	2,913,999.69	6,269,277.83
Deferred Tax			<u>1,384,264.07</u>
PROFIT AFTER TAXES	<u>2,667,894.35</u>	<u>7,993,142.05</u>	<u>21,285,145.11</u>
Dividends	1,520,000.00	1,900,000.00	7,600,000.00
Hurricane Insurance	432,248.76	500,000.01	1,909,666.67
RETAINED PROFIT to date	<u>715,645.59</u>	<u>5,593,142.04</u>	<u>11,775,478.44</u>

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Cash Flows

For the three months ended March 31, 2024 - 2023 and year ended December 31, 2023

	Unaudited March 31, 2024	Unaudited March 31, 2023	Audited December 31, 2023
Operating Activities			
Profit before Income Tax	3,537,312.09	10,907,141.74	28,938,687.01
Adjustments for:			
Depreciation	2,829,726.15	2,798,614.72	11,154,275.00
Amortization of customer contribution to line extension	-	(85,406.43)	(341,625.72)
Finance cost	522,703.79	555,799.34	2,203,969.00
(Profit) Loss on disposal of fixed assets	<u>-</u>	<u>(12,455.95)</u>	<u>(2,189.10)</u>
	6,889,742.03	14,163,693.42	41,953,116.19
Changes in Operating Assets / Liabilities			
(Increase) / decrease in receivables and prepayments	445,493.08	2,011,158.94	(2,369,076.18)
Decrease/Increase in trade and other payables	(321,386.05)	(183,331.18)	5,163,543.81
Increase/(decrease) in consumers' contribution to line Extensions-refundable	154,451.41	230,298.06	1,599,621.76
(Decrease) / Increase in provision for retirement benefits	8,266.60	(6,382.17)	88,833.68
(Increase) / Decrease in inventory	(20,398.41)	2,111,923.09	1,181,018.50
Increase / (Decrease) in provision for profit sharing	<u>1,469,183.29</u>	<u>2,547,099.04</u>	<u>2,710,735.78</u>
	8,625,351.95	20,874,459.20	50,327,793.54
Income tax paid	(426,874.77)	(1,588,412.86)	(6,088,412.86)
Finance cost paid	<u>(262,939.15)</u>	<u>(389,602.27)</u>	<u>(2,039,784.00)</u>
Cash provided by operating activities	<u>7,935,538.03</u>	<u>18,896,444.07</u>	<u>42,199,596.68</u>
Investing Activities			
Proceeds from Disposal of property plant and equipment	-	25,000.00	129,914.00
Decrease /(increase) in Suspense jobs in progress	(338,187.67)	(134,660.32)	(158,358.58)
(Increase) / decrease in Capital Work in Progress	(1,584,361.66)	(995,007.47)	(3,292,953.28)
(Increase)/decrease in financial assets	(20,464.99)	(20,540.24)	(1,865,196.92)
Purchase of property, plant and equipment	<u>(660,122.22)</u>	<u>(631,380.04)</u>	<u>(7,346,978.69)</u>
Cash provided by/(used in) investing activities	<u>(2,603,136.54)</u>	<u>(1,756,588.07)</u>	<u>(12,533,573.47)</u>
Financing Activities			
Dividends paid	(1,520,000.00)	(1,900,000.00)	(7,600,000.00)
Payment of principal portion of lease liabilities	(104,071.93)	(95,031.09)	(303,478.96)
Proceeds from borrowings	-	-	-
Repayment of borrowings	(2,165,599.74)	(1,633,991.43)	(5,986,290.91)
Increase (decrease) in consumers' deposits	(402,064.07)	(387,022.34)	1,143,216.06
Cash used in financing activities	<u>(4,191,735.74)</u>	<u>(4,016,044.86)</u>	<u>(12,746,553.81)</u>
Net Increase in cash and cash equivalents	1,140,665.75	13,123,811.14	16,919,469.40
Net cash - at the beginning of year	<u>16,710,361.40</u>	<u>(209,108.00)</u>	<u>(209,108.00)</u>
- at the end of period	<u>17,851,027.15</u>	<u>12,914,703.14</u>	<u>16,710,361.40</u>
Represented by			
Cash and cash equivalents	27,718,902.29	15,747,376.38	16,710,361.40
Bank overdraft	<u>(9,867,875.14)</u>	<u>(2,832,673.24)</u>	
Cash and cash equivalents	<u>17,851,027.15</u>	<u>12,914,703.14</u>	<u>16,710,361.40</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024

1. Corporate Information

Grenada Electricity Services Limited (the Company) is public and is registered in Grenada. It is engaged in the generation and supply of electricity throughout Grenada, Carriacou and Petit Martinique. The Government of Grenada owns the majority of its shares (71.4%) as of December 24th, 2020.

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

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

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

2. Basis of Preparation

The interim financial report for the period ended March 31, 2024, has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended December 31, 2023.

3. Significant Accounting Policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2023.

4. Use of Judgements and Estimates

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the financial statements as at and for the year ended December 31, 2023.