

**Schedule 2  
FORM ECSRC – OR**

(Select One)

**QUARTERLY FINANCIAL REPORT** for the period ended September 30, 2022  
Pursuant to Section 98(2) of the Securities Act, 2001

**OR**

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

Issuer Registration Number: GRENLEC27091960G

Grenada Electricity Services Ltd.

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

Grenada W.I.

(Territory or jurisdiction of incorporation)

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

(Address of principal executive Offices)

(Reporting issuer's:

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

Fax number: (473) 440-4106

Email address: mail@grenlec.com

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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

CLASS	NUMBER
Ordinary Shares	19,000,000

**SIGNATURES**

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

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

Name of Chief Executive Officer (Ag):

Name of Director:

**Clive Hosten**

**Benedict Brathwaite**

Signature

Signature

Date 27<sup>th</sup> October 2022

Date 27<sup>th</sup> October 2022

Name of Chief Financial Officer:

**Lydia Courtney-Francis**

Signature

Date 27<sup>th</sup> October 2022

## **INFORMATION TO BE INCLUDED IN FORM ECSRC-OR**

### **1. Financial Statements**

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

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

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

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

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

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

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

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

## General Discussion and Analysis of Financial Condition

The following table provides information as at September 30, 2022, with comparatives at September 30, 2021 and December 31, 2021 of GRENLEC's compliance with various financial loan covenants. There was a marked improvement in the Debt Service Coverage and Funded Debt to EBITA ratios at the end of the third quarter, as compared to the second quarter of 2022, while Liquidity position remains marginally unchanged as compared to the second quarter of 2022. A review of the data in the table below indicates that the Company's performance, has deteriorated over the same period in 2021 and is also trailing behind December 2021; however we expect improvement in all ratios by year-end.

### **Covenant Table**

	<b>Covenant Ratio</b>	<b>September 2022</b>	<b>September 2021</b>	<b>December 2021</b>
Current Ratio	$\geq 1.35:1$	1.70:1	2.03:1	2.02:1
Debt Service Coverage Ratio	$\geq 1.75:1$	1.63:1	2.63:1	3.55:1
Funded Debt to EBITDA	$\leq 3:1$	3.04:1	2.17:1	1.47:1

Grenlec's performance is significantly behind at third quarter in comparison to the equivalent period last year. While 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 2022, with a 10.52% increase for this period compared to the same period of 2021, the non-fuel dollar sales continue to lag compared to the equivalent period of 2021.

By the end of the first nine months of 2022, non-fuel sales declined by 12.79% as compared to the equivalent period in 2021. The main factor affecting this out-turn is the 25% discount on non-fuel charge granted to customers from the 5<sup>th</sup> January 2022 to 9<sup>th</sup> September 2022.

In the first nine months of 2022 the Company's net assets increased marginally from \$109.8M to \$110.3M. Non-current assets increased from \$128.4M to \$130.4M in this period despite depreciation expense of \$7.5M. Cash and cash equivalents decreased by 53.93% from \$12.235M at the end of 2021, to \$5.636M in the nine months to September 2022. The net decrease in cash and cash equivalents of \$16.57M was due mainly to the increase in receivables due to increased billing to customers, investment in capital works and an increased inventory. The liquidity position at the end of the third quarter has also worsened due to the unfavourable fuel cost recovery rate as fuel prices continued its upward trajectory for the year to date.

Trade receivables increased by 57%, over the first three quarters of 2021, to \$27.1M, with all sectors rising. This overall increase was mainly due to: - the increase in fuel prices from \$8.49 per imperial gallon in December 2021 to \$12.11 per imperial gallon in September 2022; the decrease in kWh sales of 12.79%, offset by an increase in fuel charge revenue of 98.6% has led to higher customer balances outstanding at the end of the period. Debtor days increased by 9.06 days to 44.43 days over the nine months to September 2022 and is 3.87 days ahead of budget. The quality of the accounts receivable portfolio improved with the current portion increasing from 73.1% of the total portfolio in December 2021 to 86.3% in September 2022, while the amounts outstanding over 90 days reduced from 16.6% to 10.2% 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 2022 the Company recorded a current ratio of 1.70:1 and was in position to meet its operational requirements at a level above the lender institution's benchmark of 1.35:1.

We have experienced the highest fuel rate to date, with the average electricity rate over the first nine months of 2022 at \$0.9715/kWh, with the total rate exceeding \$1.00 over the past three months. This was because world fuel prices have increased consistently over the past 20 months, and we have not seen any downward trend for the year 2022 to date. Fuel prices started to trend upward in early 2021 and had started to drop slightly, but this was short-lived, resulting in an average electricity rate of \$0.7240 by the end of 2021.

Cash used by operating activities for the nine months to September 30, 2022, of (\$545K) was 109% lower than that for the same period last year. Profit before Tax of \$3.9M is lower than that for the first nine months of 2021 by \$15.40M mainly due to a combination of the reduction in the non-fuel rate and the fuel cost under-recovery being \$7.09M. Receivables and payables increased by \$12.25M and \$1.15M respectively, as compared to December 2021, largely due to the increases in fuel price during the first nine months of 2022.

Cash used in investing activities was \$8.99M for the first three quarters of 2022 as compared to \$15.752M at December 2021. The main factor for this decrease year on year was the amount of capital spending on the new generator (DG#4) and other capital works in 2021 (\$31.5M), offset by proceeds on disposal of \$10.9M, most of which was the insurance refund on the DG#4 engine.

Financing activities in the first nine months of 2022 related mainly to the payment of the first quarter's dividend of thirteen cents per share, with the Board of Directors giving notice to shareholders that dividends for the next three (3) quarters will not be paid. Repayment of borrowings took place as scheduled. This resulted in cash used in financing activities of \$7.02M while at prior year September YTD, investing activities showed a positive balance of \$5.61M. Although dividends were paid for three (3) quarters of 2021, this balance was mainly the offset by the injection of the new loan of \$16.2M

Overall, during the first nine months of the year, the cash position decreased by 64.6% from December 2021's \$12.24M down to a cash balance of (\$4.33M) at the end of this period. 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 Project and Suspense Jobs was \$9.02M, which when net of proceeds from Disposal (\$17.42K) amounted to \$8.99M.

The Company does not face any significant challenge with regards to capital resources for its recurrent or capital operations. It has an overdraft facility with CIBC FirstCaribbean in the amount of \$6M. Additionally, there is \$6.5M in certificates of deposits that are not associated with the Hurricane Fund included within the reported \$38.53M 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 off- balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

None

### Results of Operations

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

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

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

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



The Company's financial performance for the first nine months of 2022, is a reflection of both the 25% discount on the non-fuel rate afforded to customers and the under-recovery on fuel, which together has meant lower revenues for the company of \$22.59M. Both factors affected our Profit before Interest, which showed a 54.9% decrease as compared to the same period in 2021, a decline of \$12.15M and down to \$9.98M. Sustained rise in fuel prices also contributed to higher fuel charge to date also contributing to this depressed performance.

Non-fuel revenue took a significant hit in 2022 and was reduced by 12.78% compared to the same period in 2021, down to \$58.4M, whereas fuel revenue increased significantly as well by 98.04% or \$52.5M. Fuel costs has followed a similar pattern, increasing by 93.48% to \$113.20M, and resulting in a fuel cost under-recovery for the first nine months of 2022 of \$7.09M and higher than the \$4.90M we experienced in 2021

The fuel loss was contributed to mainly by the increase fuel costs for the past 20 months and according to Platts Oilgram Price Report, as at the last week in September 2022, fuel prices averaged at a ceiling of USD120 per barrel, a trend which existed for most of 2022; October's oil monitoring has shown some dips however, the forecast to year end is not showing significant downward movement that would be enough to achieve fuel neutrality. This price change is now monitored daily as we keep track of our fuel cost expenditure and to ensure proper planning.

KWh sales (excluding own use) for the first three quarters of 2022 was 10.52% (16.88 million kWh) higher than that of 2021, and 4.58% 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

Total revenue to September 2022 increased by 31.22%, to \$166.71M as compared to the equivalent period of 2021. The average fuel charge in the first nine months of 2022 was 106% more than that for the equivalent period of 2021. Fuel revenue in the first nine months was 98% higher than 2021 due to rising fuel prices. However, with both the cost and revenue increasing at this alarming rate, the cost recovery has fallen behind due to our methodology of calculating the fuel recovery cost over a three-month period.

Operating and administrative expenses (net of fuel) of \$43.52M to September 2022 was favourable to budget by 7.46% and was lower than prior year's actual of \$46.40M by 6.7% for the same period. During the month under review, YTD production expenses totalling EC\$2.44M, and classified as operational costs, for the overhaul of Gensets DG 5 & 12 and parts for a third generator, met the capitalization criteria and were transferred to Capital Expenditure. This has contributed favourably to the Generation department variance of 8.38% compared to budget for the year to date.

Corporate Services, Transmission & Distribution and Planning & Engineering all show a combined positive variance. The overall, total operating costs (net of fuel) has positive variances to \$3.51M at end of September 2022 and is the summation of the positive variances for all the departments year-to-date.

Interest costs at \$1.83M for the first nine months of 2022 were marginally better than 2021's \$1.90M.

System losses twelve months rolling average of 5.97% at September 30, 2022 was lower than the 6.73% at the equivalent point in September 2021. The lower system losses are designed to have a positive impact on the fuel cost recovery rate. It is a key strategic driver for the Company. This is quite important to us, especially in the context of the challenging economic conditions under which the Company operates. However, this benefit is not quite being felt as fuel prices continue to climb steeply for the year to date. Management monitors system losses closely with the view of keeping it as low as technically possible.

Fuel efficiency of 15.94kWh's per imperial gallon in the first nine months of 2022 is the best ratio we have seen for some time and was above 15.38kWh per imperial gallon achieved in the same period last year and represents a 3.64% improvement.

### 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.

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

- **Hurricanes**

As clearly established after Hurricane Ivan hit Grenada in 2004 when approximately 90% of our distribution system was affected, hurricanes continue to be the most immediate and significant risk being faced. This risk has been partially offset by the strengthening of the distribution system which has been made more robust in the rebuilding period after hurricanes Ivan and Emily. Further the distribution system is maintained in this condition by a consistent pole inspection and replacement program. With each passing period that Grenada is not significantly affected by a hurricane, the Company's Hurricane Reserve increases, and presently it stands at \$38 which mitigates the main risk exposure associated with post-hurricane recovery. Additionally, the Hurricane Fund of \$30.06M is more than the pre-Ivan level of \$14M.

The company has started engaging with Parametric Insurance coverage as it is important to move away from the single insurance option which is what we currently have as self-insurance. We intend to participate in this insurance discussion and implement its coverage in 2023.

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

- The 2016 EA and the 2016 PURC Acts had commencement dates of 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 transmission entities to allow competition in both the generation and distribution areas, and to increase generation by renewable energy. The Act is silent on the issue of whether concessions on customs duties will continue as per the Electricity Supply Act No, 39 of 2013 or be removed altogether. Public Consultation sessions were held during 2020 on the draft regulations under the new Act. The PURC has commenced working groups to address concerns raised and to advance the finalisation of the draft regulations.
- Request for Proposal were sent out to consultants, and some responses were received for both Load Research and Cost of Service Study. These will be evaluated, and a successful consultant chosen.
- The Company's proposal for an interim tariff was submitted to the PURC in August 2022 but there has been no further movement since its submission. On 9<sup>th</sup> September 2022, the 25% reduction on non-fuel rate was removed by the Government of Grenada. Grenlec rates have been restored to their pre-January 5<sup>th</sup>, 2022, levels.

#### **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, 2022 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 September 30, 2022.

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

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

N/A

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

N/A

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- Name and address of underwriter(s)

N/A

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

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

N/A

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- Payments to associated persons and the purpose for such payments

N/A

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

None.

**6. Defaults upon Senior Securities.**

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

Payments of principal and interest to CIBC FirstCaribbean on loans of \$48.05M in March 2016, \$3.72M in August 2019 and \$16.2M in March 2021 were made during the quarter ended September 30, 2022, as per the agreement.

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

N/A

**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.

There were no annual or special meetings held during the third quarter of the year.

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

N/A

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

N/A

A description of the terms of any settlement between the registrant and any other participant.

N/A

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

N/A

Other Information.

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

None

**GRENADA ELECTRICITY SERVICES  
STATEMENT OF COMPREHENSIVE INCOME**

For the nine months ended September 30, 2022 - 2021 and year ended December 31, 2021

	Unaudited September 30, 2022	Unaudited September 30, 2021	Audited December 31, 2021
<b><u>INCOME</u></b>			
Sales - Non Fuel Charge	54,413,198.62	62,389,099.73	85,498,701.50
- Fuel Charge	106,136,122.28	53,592,614.67	78,433,391.99
Unbilled Sales Adjustments	4,385,751.06	2,006,144.21	2,266,421.34
Net Sales	<u>164,935,071.96</u>	<u>117,987,858.61</u>	<u>166,198,514.83</u>
Other Income	1,771,159.78	9,050,681.71	12,074,514.02
<b>TOTAL INCOME</b>	<u><u>166,706,231.74</u></u>	<u><u>127,038,540.32</u></u>	<u><u>178,273,028.85</u></u>
<b><u>OPERATING COSTS</u></b>			
Production less Diesel Consumed	13,893,689.30	17,875,854.01	18,777,124.20
Diesel Consumed	113,204,254.24	58,510,857.63	83,822,602.81
Planning & Engineering	2,199,006.15	1,979,085.86	3,381,858.83
Distribution	12,798,410.79	12,485,478.05	19,327,846.34
<b>TOTAL OPERATING COSTS</b>	<u>142,095,360.48</u>	<u>90,851,275.55</u>	<u>125,309,432.18</u>
<b><u>CORPORATE SERVICES</u></b>			
	<u>14,629,292.85</u>	<u>14,050,733.77</u>	<u>22,250,767.65</u>
<b>PROFIT BEFORE INTEREST</b>	<u>9,981,578.41</u>	<u>22,136,531.00</u>	<u>30,712,829.02</u>
<b><u>INTEREST</u></b>			
Bank Loan Interest	1,283,691.69	1,380,263.18	1,837,366.83
Other Bank Interest	498.17	5,167.78	5,167.78
Consumer Deposit Interest	541,385.33	519,124.04	697,045.35
<b>TOTAL INTEREST COSTS</b>	<u>1,825,575.19</u>	<u>1,904,555.00</u>	<u>2,539,579.96</u>
<b>PROFIT AFTER INTEREST</b>	<u>8,156,003.22</u>	<u>20,231,976.00</u>	<u>28,173,249.06</u>
<b><u>ALLOCATIONS</u></b>			
Regulatory Fees	740,405.00	1,924,646.00	1,924,646.00
Donations	354,112.99	840,369.36	1,231,615.42
Profit Sharing	3,120,038.58	4,224,907.75	5,671,886.42
<b>TOTAL OTHER CHARGES</b>	<u>4,214,556.57</u>	<u>6,989,923.11</u>	<u>8,828,146.68</u>
<b>PROFIT BEFORE TAXES</b>	3,941,446.65	13,242,052.89	19,345,102.38
Corporation Tax @ 28%	1,010,270.32	3,287,790.89	2,546,907.26
Deferred Tax			1,951,359.42
<b>PROFIT AFTER TAXES</b>	<u>2,931,176.33</u>	<u>9,954,262.00</u>	<u>14,846,835.70</u>
Dividends	2,470,000.00	7,410,000.00	9,880,000.00
Hurricane Insurance		1,500,000.03	2,000,000.00
<b>RETAINED PROFIT to date</b>	<u><u>461,176.33</u></u>	<u><u>1,044,261.97</u></u>	<u><u>2,966,835.70</u></u>

## GRENADA ELECTRICITY SERVICES

Statement of Financial Position as at September 30, 2022 - 2021 and December 31, 2021

	Unaudited September 30, 2022 EC \$	Unaudited September 30, 2021 EC \$	Audited December 31, 2021 EC \$
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property Plant and Equipment	118,513,359.77	99,387,564.01	123,437,646.83
Right to Use Assets	2,020,095.75	2,511,115.86	2,301,679.11
Suspense Jobs in Progress	2,055,162.02	2,135,227.30	1,205,525.30
Capital Work in Progress	7,909,866.30	25,049,072.19	1,551,354.00
	<u>130,498,483.84</u>	<u>129,082,979.36</u>	<u>128,496,205.24</u>
<b>CURRENT ASSETS</b>			
Inventories	27,946,522.11	25,560,658.58	24,599,345.36
Trade and Other Receivables	40,091,085.05	25,431,497.08	27,839,843.00
Income Tax Prepaid	1,252,122.52		1,262,392.84
Retirement benefits prepaid			
Financial assets at amortised cost	38,528,932.99	36,516,234.27	38,466,699.99
Cash and cash equivalents	5,636,828.58	13,106,695.30	12,235,244.00
	<u>113,455,491.25</u>	<u>100,615,085.23</u>	<u>104,403,525.19</u>
<b>TOTAL ASSETS</b>	<u>243,953,975.09</u>	<u>229,698,064.59</u>	<u>232,899,730.43</u>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS EQUITY</b>			
Stated Capital	32,339,840.00	32,339,840.00	32,339,840.00
Hurricane Insurance Reserve	32,000,000.00	31,500,000.03	32,000,000.00
Retained Earnings	45,494,347.06	44,120,104.62	42,527,512.52
Profit / (Loss) to Date after Dividends	461,176.33	1,044,261.97	2,966,834.54
	<u>110,295,363.39</u>	<u>109,004,206.62</u>	<u>109,834,187.06</u>
<b>Non Current Liabilities</b>			
Consumers' Deposits	18,973,728.86	18,165,941.06	18,408,587.07
Long-term Borrowings	32,129,549.89	38,665,516.57	37,031,524.92
Leased Liabilities	1,997,837.73	2,328,744.22	2,203,833.19
Deferred tax liability	13,807,933.09	11,856,573.67	13,807,933.09
	<u>66,909,049.57</u>	<u>71,016,775.52</u>	<u>71,451,878.27</u>
<b>Current Liabilities</b>			
Amount Due to Related Company			-
Bank Overdraft	9,969,929.74	5,766,942.24	
Short- term borrowings	6,535,966.68	6,535,966.68	6,535,966.66
Trade and other payables	32,105,309.27	22,892,401.18	30,951,889.70
Current portion of Lease Liabilities	315,663.63	346,887.01	327,128.46
Customers' contribution to line extensions	9,774,765.58	7,959,947.42	9,148,411.82
Provision for retirement benefits	487,677.89	211,053.80	210,057.70
Provision for Profit Sharing	7,560,249.34	4,235,393.33	4,440,210.76
Provision for income tax payable		1,728,490.79	
	<u>66,749,562.13</u>	<u>49,677,082.45</u>	<u>51,613,665.10</u>
<b>TOTAL LIABILITIES</b>	<u>133,658,611.70</u>	<u>120,693,857.97</u>	<u>123,065,543.37</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<u>243,953,975.09</u>	<u>229,698,064.59</u>	<u>232,899,730.43</u>



## GRENADA ELECTRICITY SERVICES LIMITED

### Statement of Cash Flows

For the nine months ended September 30, 2022 - 2021 and year ended December 31, 2021

	Unaudited September 30, 2022	Unaudited September 30, 2021	Audited December 31, 2021
Operating Activities			
Profit before Income Tax	3,941,446.65	13,242,052.89	19,345,101.22
Adjustments for:			
Depreciation	7,504,810.35	6,206,779.36	8,520,690.00
Amortization of customer contribution to line extension	(553,275.09)	(553,275.09)	(737,700.00)
Profit on disposal of fixed assets	(17,417.39)	(6,887,188.87)	(8,961,114.54)
	<u>10,875,564.52</u>	<u>12,008,368.29</u>	<u>18,166,976.68</u>
Changes in Operating Assets / Liabilities			
(Increase) / decrease in receivables and prepayments	(12,251,242.05)	(8,147,903.82)	(10,619,833.00)
Increase in trade and other payables	1,153,419.57	1,992,887.05	10,278,582.27
Increase/(decrease) in consumers' contribution to line Extensions-refundable	626,353.76	819,657.63	2,008,122.03
(Decrease) / Increase in provision for retirement benefits	277,620.19	211,053.80	210,057.70
(Increase) / Decrease in inventory	(3,347,176.75)	623,211.91	(8,067.00)
Increase in related company balance	-	-	-
Increase / (Decrease) in provision for profit sharing	3,120,038.58	(528,649.47)	(486,162.00)
	<u>454,577.82</u>	<u>6,978,625.39</u>	<u>19,549,676.68</u>
Income tax paid	(1,000,000.00)	(750,000.00)	(3,000,000.00)
	<u>(545,422.18)</u>	<u>6,228,625.39</u>	<u>16,549,676.68</u>
Cash provided by operating activities	<u>(545,422.18)</u>	<u>6,228,625.39</u>	<u>16,549,676.68</u>
Investing Activities			
Proceeds from Disposal of property plant and equipment	17,417.39	8,862,590.21	10,941,011.00
Decrease /(increase) in Suspense jobs in progress	(849,636.72)	(690,272.05)	491,013.90
(Increase) / decrease in Capital Work in Progress	(6,358,512.30)	(17,722,486.05)	5,775,232.14
(Increase)/decrease in financial assets	(62,233.00)	(64,083.82)	(2,014,550.00)
Addition to right to use assets	(0.00)	-	114,807.47
Purchase of property, plant and equipment	(1,745,664.86)	(4,615,379.55)	(31,059,578.51)
	<u>(8,998,629.49)</u>	<u>(14,229,631.26)</u>	<u>(15,752,064.00)</u>
Cash provided by/(used in) investing activities	<u>(8,998,629.49)</u>	<u>(14,229,631.26)</u>	<u>(15,752,064.00)</u>
Financing Activities			
Dividends paid	(2,470,000.00)	(7,410,000.00)	(9,880,000.00)
Payment of principal portion of lease liabilities	(217,460.27)	(247,963.73)	(289,743.00)
Proceeds from borrowings	-	16,200,000.00	16,200,000.00
Repayment of borrowings	(4,901,975.01)	(3,281,975.02)	(4,915,967.00)
Increase (decrease) in consumers' deposits	565,141.79	353,335.49	595,979.32
	<u>(7,024,293.49)</u>	<u>5,613,396.74</u>	<u>1,710,269.32</u>
Cash used in financing activities	<u>(7,024,293.49)</u>	<u>5,613,396.74</u>	<u>1,710,269.32</u>
Net Increase in cash and cash equivalents	(16,568,345.16)	(2,387,609.13)	2,507,882.00
Net cash - at the beginning of year	<u>12,235,244.00</u>	<u>9,727,362.19</u>	<u>9,727,362.00</u>
- at the end of period	<u>(4,333,101.16)</u>	<u>7,339,753.06</u>	<u>12,235,244.00</u>
Represented by			
Cash and cash equivalents	5,636,828.58	13,106,695.30	12,235,244.00
Bank overdraft	(9,969,929.74)	(5,766,942.24)	-
	<u>(4,333,101.16)</u>	<u>7,339,753.06</u>	<u>12,235,244.00</u>
Cash and cash equivalents	<u>(4,333,101.16)</u>	<u>7,339,753.06</u>	<u>12,235,244.00</u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

### **1. Corporate Information**

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

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

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

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

### **2. Basis of Preparation**

The interim financial report for the period ended September 30, 2022, has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended December 31, 2021.

### **3. Significant Accounting Policies**

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

### **4. Use of Judgements and Estimates**

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

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