



Guelph Municipal Holdings Inc. (GMHI)

2023 Annual Report to Shareholders Guelph City Council Meeting June 15, 2024

2023 snapshot

- Investment in Alectra Utilities Inc. is \$104.5 million (increase of \$3.5 million over 2022).
- Cash, accounts receivable and related party receivables total \$3.4 million.
- \$3.5 million of dividends were received from Alectra Utilities Inc.; GMHI remitted dividends to the City of Guelph as budgeted at \$3.8 million.
- The City of Guelph's investment in GMHI increased by \$2.1 million from the prior year.



2023 snapshot

- GMHI's equity share of Alectra Utilities Inc. rose by \$3.7 million compared to 2022.
- GMHI continues to hold a \$400 thousand security deposit on the district energy sale; this generated \$107 thousand of interest income for the entire year.
- Residual commitments related to the disposition of the district energy assets were compensated in 2023 as budgeted.



2023 snapshot

- In summary, GMHI continues to be a contributing asset to the City of Guelph, generating ongoing dividends and stable investment value.
- Although not updated at the recent Annual General Meeting, prior meetings substantiated that the City of Guelph continues to receive a positive rate of return from the merger.



2023 highlights

Revenues



√ 2023 distribution revenue increased by \$13.7MM (1.7%) year-over-year, primarily due to higher revenue recovered from higher OEB approved rates driven by higher inflationary adjustments

Net Income



✓ 2023 net income of \$139.7MM (MIFRS) is \$17.3MM higher than 2022 and is above budget by \$3.0MM

EBITDA



✓ EBITDA from the competitive businesses decreased from 12% in 2022 to 9% in 2023 primarily due to lower storm response earnings

Regulated Customers



✓ Steadily increasing customer base

Assets



✓ Increase in assets commensurate with required additions to net distribution assets along with associated increases in working capital and other assets required to service customers

Shareholders' Equity



 Cumulative earnings less dividends since the merger in 2017 has increased shareholders' equity by approximately \$370MM

Legend: Green - Regulated Purple - Competitive



^{*}As reported under Modified International Reporting Standards (MIFRS)

2023 risks

- Alectra Utilities Corporation, like other electricity distributors in Ontario, is subject to sector-specific risks that must be managed to ensure sustainable returns.
- Sector-specific risks are: Regulatory, Financial, Strategic, and Operational.
- Alectra Utilities Corporation has adopted an enterprise-wide approach to risk management, which supports routine risk review and integrates risk findings in ongoing business planning and strategy development.

2023 community support

- AlectraCARES touched many frontline agencies and institutional partners in Guelph.
- Focused on food security issues, support for youth and families, and ED&I programs in disadvantaged communities.



#alectraCARES

- Total investment of \$130,000 in Guelph.
- Investment renewed for 2024.



2023 grid investments

 Alectra invested \$4.2 million to construct and renew infrastructure in the City of Guelph.

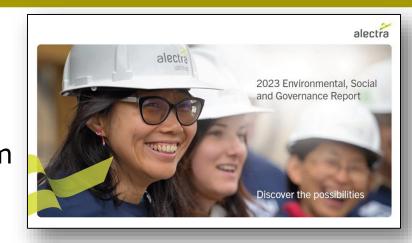


 Focused on asset renewal and customer-driven work impacting 3,000 customers in Southwest Guelph – replacing underground cables and renewing overhead poles.



2024 outlook

- Evolving business environment is creating both opportunities and challenges.
- Opportunities are materializing from decarbonization and the Energy Transition (e.g. electrification of transportation and various manufacturing processes).



- Advocacy has increased in importance.
- Alectra's Strategy is resilient and continues to guide us forward towards becoming a customer-centric, integrated energy services company.







Thank you