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NOTICE TO READER

On the basis of information provided by management, we have compiled the consolidated balance sheet of Guelph Municipal Holdings Inc. as at December 31, 2019 and the consolidated statements of earnings, comprehensive income, and changes in equity for the year then ended. We have not performed an audit or a review engagement in respect of these consolidated financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these consolidated financial statements may not be appropriate for their purposes.

KPMG LLP

Waterloo, Canada
June 1, 2020

Guelph Municipal Holdings Inc.

Consolidated Balance Sheet

December 31, 2019, with comparative information for 2018

(Expressed in thousands of dollars)

	2019	2018
	\$	\$
Assets		
Current Assets		
Cash	275	26,905
Accounts receivable	126	14,227
Unbilled revenue	-	15,885
Inventory	-	1,918
Other current assets	3	490
Total current assets	404	59,425
Property, plant and equipment	-	171,850
Intangible assets	-	352
Deferred income taxes	-	6,020
Due from related parties	2,545	-
Investment in Alectra Inc.	101,109	-
Total non-current assets	103,654	178,222
Total Assets	104,058	237,647
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts payable and accrued liabilities	183	22,551
Deferred tax liability	14,464	-
Income taxes payable	-	219
Deferred credits - budget billing	-	1,235
Customer deposits - current portion	-	2,837
Total current liabilities	14,647	26,842
Senior unsecured debentures	-	94,360
Employee future benefits	-	10,626
Customer deposits - long-term portion	-	6,424
Deferred revenue	-	27,273
Total non-current liabilities	-	138,683
Total Liabilities	14,647	165,525
Shareholder's Equity		
Share capital		
Authorized: Unlimited common shares		
Issued: 67,530 common shares	67,530	67,530
Accumulated other comprehensive loss	-	(329)
Retained earnings	21,881	4,921
Total shareholder's equity	89,411	72,122
Total Liabilities and Shareholder's Equity	104,058	237,647

Guelph Municipal Holdings Inc.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

(Expressed in thousands of dollars)

	2019	2018
	\$	\$
Revenue		
Investment revenue	2,269	-
Gain on disposal of investment in Guelph Hydro Electric Systems Inc.	46,002	-
Electricity sales	255	234,516
Other services	-	851
	48,526	235,367
Cost of electricity sold	248	202,500
	48,278	32,867
Other operating revenue	-	4,530
Net operating revenue	48,278	37,397
Expenses		
Operations and maintenance	377	14,319
General and administrative	331	11,866
Other provision expense	-	(506)
	708	25,679
Earnings before the undernoted	47,570	11,718
Financial and other expenses (income)		
Interest on notes payable, less amounts capitalized	5	4,575
Interest income	(35)	(493)
Other	222	309
	192	4,391
Earnings before the undernoted	47,378	7,327
Income tax expense		
Provision for payments in lieu of corporate taxes	-	970
Deferred income taxes	5,627	1,179
	5,627	2,149
Net income from operations for the year	41,751	5,178
Other comprehensive income		
Actuarial gains on employee future benefit plans	-	785
Total comprehensive income for the year	41,751	5,963

Guelph Municipal Holdings Inc.

Consolidated Statement of Changes in Equity
Year ended December 31, 2019, with comparative information for 2018
(Expressed in thousands of dollars)

	Share capital	Accumulated other comprehensive income (loss)	Retained earnings	Total
	\$	\$	\$	\$
Balance at January 1, 2018	67,530	(1,114)	1,643	68,059
Dividends	-	-	(1,900)	(1,900)
Total comprehensive income for the year	-	785	5,178	5,963
Balance, December 31, 2018	67,530	(329) -	4,921	72,122
Reclassification of accumulated other comprehensive loss to retained earnings	-	329	(329)	-
Refundable portion of deferred tax liability	-	-	(8,837)	(8,837)
Dividends	-	-	(15,625)	(15,625)
Total comprehensive income for the year	-	-	41,751	41,751
Balance, December 31, 2019	67,530	-	21,881	89,411