

# Lakeland Power Distribution Ltd.

## Financial Commentary

### Lakeland Power:

#### Strategic Plan Indicators:

(000's \$)	Nov/2024	Strat Plan		Forecast	Strat Plan	
	YTD	YTD	B/(W)	Full Yr	Full Yr	B/(W)
<b>Key Performance Indicator</b>						
Net Income as % of Distribution Revenue	50.8%	45.1%	5.7%	49.4%	44.1%	5.3%
Return on Capital Employed	9.3%	8.2%	1.1%	9.8%	8.7%	1.1%
Controllable costs/customer	\$ 300	\$ 313	\$ 12	\$ 335	\$ 347	\$ 12
Cash Incr/(Decr)	\$ (19)	\$ (1,778)	\$ 1,759	\$ (362)	\$ (1,842)	\$ 1,480

#### Comparison to Budget and Last Year:

	Nov/2024	Budget	B/(W)	B/(W) %	Last Year	B/(W)	B/(W) %
<b>Key Determinant</b>							
Power Revenue	\$44,604	\$44,402	\$ 202	0.5%	\$41,438	\$3,167	7.6%
Cost of Power	\$36,221	\$36,221	\$ -		\$33,466	-\$2,755	-8.2%
Gross Margin	\$8,383	\$8,181	\$ 202	2.5%	\$7,972	\$412	5.2%
Other Revenue	\$1,322	\$1,129	\$ 193	17.1%	\$1,152	\$170	14.8%
Oper/Maint-Admin Expense	\$8,367	\$8,564	\$ 197	2.3%	\$7,785	-\$583	-7.5%
Net Income before taxes (NI)	\$1,338	\$747	\$ 592	79.3%	\$1,339	-\$1	-0.1%
EBITDA	\$4,261	\$3,691	\$ 570	15.4%	\$3,907	\$354	9.0%
Debt Balance (3rd party & I/C)	\$21,186	\$21,186	\$ -	0.0%	\$21,186	\$0	0.0%
Customer Count (no USL)	14,771	14,759	12	0.1%	14,476	295	2.0%
<b>Financial Ratios (based on full year forecast)</b>							
Days Sales Outstanding	27	29		6%	29		7%
Operating Margin(EBIT/Revenue)	24.2%	19.2%		26.0%	22.8%		6.2%
Return on Equity	5.8%	3.3%		75.1%	7.3%		-20.9%
Debt ratio (ST & LT/Assets)	72.5%	72.4%		-0.2%	72.0%		-0.8%

## **Lakeland Power (con't):**

### **Overview:**

- EBITDA is currently 15% over budget, \$570 K, and 9% better than last year.
- Power is doing well with revenues \$395 K higher than budget primarily due to miscellaneous revenue received on customer projects, mostly Bell FTTH.
- On the expense side, overall they are lower than budget by \$197K that is primarily due to timing of Overhead O&M expenses and limited trouble calls. For December this will most likely change due to snowstorm over weekend overtime and assistance from Sudbury Hydro. Infrared scanning and substation maintenance is planned for remainder of the year to increase O&M.
- Billing, G&A are also slightly below budget due to timing of expenses.
- DSO remains ahead of budget and continues to be excellent
- Cash continues to be ahead of budget due to Bell FTTH payments, higher EBITDA and A/R collections, and timing of capital projects. The 2023 Tax Estimate overpayment made in February of 295K offsets the cash position, however there will be no further installments made in 2024 as this payment is now converted to a receivable until 2025.
- The 625K related to prior year AIIP has not been recorded yet or adjusted in the forecast - will be booked by DP/KS in Dec24.

**Lakeland Power Distribution Ltd.**

**Income Statement**

**Lakeland Power Distribution Ltd.**

For the Eleven Months Ending Saturday, November 30, 2024

November						YTD					
Actual	Budget	Budget	Last Year	Last Year		Actual 2024	Budget 2024	Budget	Actual 2023	Last Year	Full Year
Nov 2024	Nov 2024	Variance	Nov 2023	Variance				Variance		Variance	Budget 2024
					Distribution Revenue						
\$765,380	\$743,750	\$21,630	\$758,272	\$7,108	Distribution Revenue	\$8,383,347	\$8,181,250	\$202,097	\$7,971,690	\$411,657	\$8,925,000
2,687,927	2,687,927		2,943,819	-255,892	Commodity	30,375,581	30,375,581		28,233,364	2,142,217	33,330,580
148,141	148,141		144,409	3,733	Wholesale Market Services	1,696,241	1,696,241		1,505,678	190,562	1,618,832
205,449	205,449		205,923	-475	Network Services-Transmission	2,288,352	2,288,352		2,122,383	165,969	2,361,894
171,256	171,256		161,876	9,380	Network Services-Connections	1,860,510	1,860,510		1,604,404	256,106	1,768,857
3,978,153	3,956,523	-329,411	4,214,299	-236,146	Net Sales	44,604,031	44,401,934	202,097	41,437,519	3,166,512	48,005,163
3,013,913	3,013,913		3,140,606	126,693	Cost of Goods Sold	36,220,683	36,220,683		33,311,193	-2,909,490	39,080,163
198,860	198,860		315,420	116,561	Net movement in Regulatory deferral				154,636	154,636	
765,380	743,750	-329,411	758,273	7,108	Gross Margin	8,383,348	8,181,251	202,097	7,971,690	411,657	8,925,000
					Other Revenue						
10,740	12,600	-1,860	2,570	8,171	Late Payment/Collection Charges	140,140	137,400	2,740	125,130	15,011	150,000
70,878	62,462	8,416	69,763	1,115	Misc Revenue/Gain/(Loss) Asset Disp	889,307	687,538	201,769	798,448	90,859	750,000
-6,461		-6,461	-1,254	-5,207	Streetlight Mtce/Non-Utility Net Reven	-163,519		-163,519	-38,681	-124,839	
4,000	4,000		6,114	-2,114	Intercompany Non-Utility Revenue	202,761	44,000	158,761	53,701	149,060	48,000
18,160	23,667	-5,507	35,003	-16,843	Interest Revenue	253,571	260,337	-6,766	213,406	40,165	284,000
862,697	846,479	16,219	870,469	-7,769	Total Net Revenue	9,705,608	9,310,526	395,082	9,123,694	581,913	10,157,000
					Operating Expenses						
102,715	210,791	108,076	166,499	63,784	Operating/Maintenance Expenses	2,095,242	2,330,029	234,787	2,123,211	27,968	2,622,940
6,305	5,000	-1,305	4,290	-2,015	Intercompany O&M Expense	52,065	55,000	2,935	52,130	65	60,000
81,774	91,583	9,809	106,606	24,832	Billing and Collecting	993,342	1,007,113	13,771	966,272	-27,070	1,098,200
76,597	75,292	-1,305	57,395	-19,202	General Administration	874,977	815,714	-59,263	758,082	-116,895	903,680
85,979	85,979		76,493	-9,486	Intercompany Management Fee	945,769	945,769		839,541	-106,228	1,031,748
30,113	29,170	-943	29,770	-343	Intercompany G&A Expenses	333,145	320,870	-12,275	323,157	-9,988	350,040
3,163	10,000	6,837	5,037	1,874	Training	87,328	85,000	-2,328	97,149	9,822	90,000
6,344	5,450	-894	5,843	-501	Property Tax/Water Rental	63,024	59,950	-3,074	56,950	-6,074	65,400
91,420	101,088	9,668	109,883	18,463	Interest Expense	1,136,576	1,125,449	-11,127	888,798	-247,778	1,229,906
162,346	165,365	3,019	152,667	-9,679	Depreciation	1,785,805	1,819,015	33,210	1,679,333	-106,472	1,984,384
646,756	779,718	132,962	714,483	67,726	Total Operating Expenses	8,367,273	8,563,909	196,636	7,784,623	-582,650	9,436,298
215,941	66,761	149,180	155,986	59,957	Income Before Income Taxes	1,338,335	746,617	591,718	1,339,071	-738	720,702
62,300	17,692	-44,608	28,381	-33,919	Income Tax Expense	354,673	194,408	-160,265	343,462	-11,211	190,986
153,641	49,069	104,572	127,605	26,038	Net Income	983,662	552,209	431,453	995,609	-11,949	529,716
469,707	333,214	136,493	418,536	51,174	EBITDA	4,260,716	3,691,081	569,635	3,907,202	353,512	3,934,992

**Lakeland Power Distribution Ltd.**  
**Balance Sheet**  
For the Eleven Months Ending Saturday, November 30, 2024

	November 2024	Opening 2024	November 2023	December 2023	Budget November	Budget 2024
<b>ASSETS</b>						
<b>Current</b>						
Cash and cash equivalents	\$3,400,204	\$3,698,026	\$4,608,335	\$3,698,026	\$1,919,991	\$1,855,691
Receivables	4,513,618	4,313,685	3,325,640	4,313,685	4,313,685	4,313,685
Intercompany Receivables	25,223	38,862	6,109	38,862	38,862	38,862
Unbilled Revenue	3,435,101	3,821,807	3,899,165	3,821,807	3,821,807	3,821,807
Inventories	812,199	585,954	620,762	585,954	585,954	585,954
Prepays and Other Assets	429,075	368,890	420,897	368,890	368,890	368,890
PILs Recoverable	299,575	85,100	-4,256	85,100	-4,256	-4,256
	12,914,995	12,912,324	12,876,652	12,912,324	11,044,933	10,980,633
Property, Plant & Equipment	45,181,155	42,747,054	42,138,791	42,747,054	44,162,894	44,192,025
Intangible assets	597,757	668,173	614,524	668,173	918,173	943,173
Goodwill	1,150,014	1,150,014	1,150,014	1,150,014	1,150,014	1,150,014
Regulatory Assets	1,078,423	873,876	917,114	873,876	873,876	873,876
Future PIL tax assets	-766,593	-766,593	-428,178	-766,593	-428,178	-428,178
	<b>60,155,751</b>	<b>57,584,848</b>	<b>57,268,917</b>	<b>57,584,848</b>	<b>57,721,712</b>	<b>57,711,543</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current</b>						
Payables and accruals	6,988,159	5,897,302	5,745,881	5,897,302	5,897,302	5,897,302
Intercompany Payables	674,865	1,252,969	1,284,608	1,252,969	1,252,969	1,252,969
Deferred Revenue		375,608		375,608	375,608	375,608
PILs Payable						
Current portion of long-term debt		10,698,887		10,698,887	10,698,887	10,698,887
	7,663,024	18,224,766	7,030,489	18,224,766	18,224,766	18,224,766
Non-current Liabilities	39,891	39,891	49,492	39,891	39,891	39,891
Customer Deposits	530,182	483,551	488,625	483,551	483,551	483,551
Contributions in aid of construction	14,181,071	12,377,606	12,489,897	12,377,606	12,513,203	12,525,526
Long Term Bank Loan	21,186,387	10,487,500	21,186,387	10,487,500	10,487,500	10,487,500
	43,600,555	41,613,314	41,244,890	41,613,314	41,748,911	41,761,234
<b>Shareholder's equity</b>						
Retained Earnings	2,267,859	1,684,197	1,736,690	1,684,197	1,685,464	1,662,972
Other Comprehensive Income	73,839	73,839	73,839	73,839	73,839	73,839
Paid-In capital	4,986,711	4,986,711	4,986,711	4,986,711	4,986,711	4,986,711
Common Stock	9,226,787	9,226,787	9,226,787	9,226,787	9,226,787	9,226,787
	16,555,196	15,971,534	16,024,027	15,971,534	15,972,801	15,950,309
	<b>60,155,751</b>	<b>57,584,848</b>	<b>57,268,917</b>	<b>57,584,848</b>	<b>57,721,712</b>	<b>57,711,543</b>