Town of Huntsville Staff Report

Meeting Date: September 30, 2026

To: General Committee

Report Number: CAO-2026-4

Confidential: No

Author(s): Denise Corry, Chief Administrative Officer

Subject: Lakeland Holding Ltd. - 2026 Q2 Shareholders Update

Report Highlights

This report provides General Committee with a high-level overview of Lakeland Holding Ltd.'s 2026 Q2 Shareholder Update, including financial performance, operational highlights, and strategic initiatives that are relevant to the Town as a municipal shareholder.

Recommendation

For Information Only.

Background

Lakeland Holding Ltd. is jointly owned by several municipal shareholders, including the Town of Huntsville, and delivers electricity distribution, generation, broadband/telecommunications, and energy services through its subsidiary companies. The Q2 2026 Shareholder Update, dated July 27, 2026, outlines performance results and key activities across the organization for the second quarter of the year.

Discussion

Corporate Overview

Lakeland continues to operate a diversified portfolio serving approximately 14,977 electricity customers, operating 12 generation facilities with 17.85 MW of capacity, and maintaining 9,288 fibre connections. The organization continues to focus on safety, reliability, environmental stewardship, accountability and sustainable growth.

Financial Performance

Lakeland's consolidated Q2 results demonstrate good performance, with all business units generally aligned with budget expectations. Costs remain below budget and overall results indicate the consolidated budget is expected to be achieved. Lakeland invested approximately $4 million in capital improvements and expansion through the first half of 2026. Since 2006, the company has distributed $24.6 million in tax-free dividends and increased shareholder value by $46.8 million. Lakeland also sold its 50% ownership in the Chute Blanche

generation facility to help restore the generation division’s cash reserve following the impacts of the 2025 drought.

Business Unit Highlights

Lakeland Networks increased subscribers to 9,288, with net new customers up 37% over the prior year and customer cancellations reduced by 10%. Fibre expansion continues in Parry Sound and other service areas.

Bracebridge Generation exceeded budget in May and June and achieved 105% of budget year-to-date despite variable watershed conditions. Several dam safety, rehabilitation and infrastructure projects advanced during the quarter.

Lakeland EV Charging continued strong growth, with network usage significantly above budget. New charging locations were commissioned in Washago and Penetanguishene, while construction continued on several funded projects including Huntsville.

Lakeland Power continued to advance reliability projects, customer-driven growth initiatives and system upgrades while maintaining strong customer service performance despite significant weather-related events.

Operations and Workforce

Cybersecurity remained a major focus during the quarter, including continued risk management enhancements, vendor assessments, centralized monitoring initiatives and preparation for an independent penetration test. No material impacts from cybersecurity threats were reported. Lakeland employed 98 full-time staff, maintained exceptionally strong employee retention, expanded student recruitment opportunities and continued workplace health, safety and compliance initiatives.

Infrastructure and Capital Projects

Capital investments continued across distribution, generation, broadband and EV charging infrastructure. Key initiatives included dam rehabilitation projects, distribution system upgrades, fibre expansion, EV charging deployments and asset management improvements.

Summary

Lakeland’s Q2 2026 results demonstrate stable financial performance, disciplined capital investment and continued progress in strategic growth initiatives. The organization remains well positioned to provide long-term value to its municipal shareholders while continuing to expand services in broadband, renewable generation and EV infrastructure.

Operational

Council is aware that Lakeland reduced its 2026 dividend earlier in the year to allow rebuilding of generation reserves following the 2025 drought. The Q2 shareholder update did not identify any additional dividend reductions beyond those previously communicated. Staff will continue to monitor Lakeland’s financial performance and dividend outlook and report back to Council as further shareholder information becomes available.

Attachments

Lakeland Holding Shareholder Q2 Update

Respectfully Submitted: Denise Corry, Chief Administrative Officer

Manager Approval (if required): _____

Director Approval: _____

CAO Approval: Denise Corry, Chief Administrative Officer

MEMORANDUM

Chris Litschko, Chief Executive Officer
Lakeland Holding Ltd.

TO: **Municipal Councils:**

- **Town of Bracebridge**
- **Town of Huntsville**
- **Town of Parry Sound**
- **Village of Burk's Falls**
- **Village of Sundridge**
- **Municipality of Magnetawan**

FROM: **Chris Litschko, Chief Executive Officer**

COPY: **Municipal Chief Administrative Officers**
Lakeland Board of Directors
Executive Team

DATE: **July 27, 2026**

SUBJECT: **2026 Q2 Shareholder Update**

On behalf of Roger Alexander, Chair, and the Board of Directors of Lakeland Holding Ltd. (Lakeland), we are pleased to present the 2026 Q2 Shareholder Update for Lakeland.

Land Acknowledgement

Lakeland respectfully acknowledges that we work and live on lands that are the traditional territories of Indigenous Communities. We offer gratitude to Indigenous peoples for their care for, and teachings about, our earth and our relations.

VISION STATEMENT

BE THE LEADER IN SUSTAINABLE SOLUTIONS AND CATALYST FOR IMPROVING THE LIVES OF OUR CUSTOMERS AND COMMUNITIES WE SERVE.

MISSION STATEMENT

LEVERAGING OUR TEAM, WE ARE DEDICATED TO GROWING RESPONSIBLY, SERVING OUR SHAREHOLDERS, CUSTOMERS AND COMMUNITIES WITH SAFE, RELIABLE, AND QUALITY SUSTAINABLE SOLUTIONS.

MEMORANDUM

Chris Litschko, Chief Executive Officer
Lakeland Holding Ltd.

CORPORATE VALUES STATEMENT

SAFETY: WE ARE DEDICATED TO THE SAFETY OF OUR EMPLOYEES AND COMMUNITIES.

ENVIRONMENTAL STEWARDSHIP: WE ARE CONCERNED FOR THE ENVIORNMENT IN EVERYTHING WE DO. WE ARE COMMITTED TO PROTECTING AND NOURISHING THE ENVIRONMENT BY DOING BETTER FOR OUR PLANET WHILE WE GROW.

RELIABILITY: WE PROVIDE DEPENDABLE, CONSISTENT AND RELIABLE SERVICE.

ACCOUNTABILITY: WE ARE SERIOUS AND RESPONSIBLE FOR OUR ACTIONS AND ACCOUNTABLE TO THOSE WE SERVE.

PARTNERSHIPS: WE DRAW ON ONE ANOTHER AND OUR PARTNERS TO ACHIEVE SUCCESS.

PROFESSIONALISM: WE ARE DEDICATED TO EXCELLENCE IN MANAGEMENT AND SERVICE DELIVERY. WE ARE INCLUSIVE AND ARE COMMITTED TO PROVIDING EQUITABLE SERVICES AND TREATING ALL WITH RESPECT.

CONTINUOUS IMPROVEMENT: WE CONSTANTLY SEEK NEW IDEAS, ARE FUTURE FOCUSED AND RESULTS ORIENTED. WE ARE EFFICIENT, EFFECTIVE, INNOVATIVE AND WE OFFER VALUE-ADDED.

RELATIONSHIP BUILDING & RECONCILIATION: WE ARE COMMITTED TO RELATIONSHIP BUILDING AND RECONCILIATION. WE ARE DRIVEN BY TRUST AND INTEGRITY AND WE VALUE THE KNOWLEDGE AND EXPERIENCE OF ALL.

The table below summarizes Lakeland Holding's current business operations across its subsidiary companies:

Lakeland Power Distribution Ltd. **(Local Distribution Company)**	**Bracebridge Generation Ltd.** **& Lakeland Solutions**		**Lakeland Energy Ltd.** **(Including Lakeland Networks)**
· 14,977 Connections	· Bracebridge Falls Generation Plant	2.6 MWs	· Web Mapping
· 163 square Kms of Service Area	· Wilson Falls Generation Plant	2.9 MWs	· Fibre to Business
· 367 Kms of Distribution Lines	· High Falls Generation Plant	2.3 MWs	· Fibre to Home
· 10 Substations	· Cascade Generation Plant	3.25 MWs	· 9,288 Fibre Connections
· 2,392 Transformers	· Burk's Falls Generation Plant	1.2 MWs	· 670 Km of Installed Fibre-Optic Cable
· Offices in Bracebridge, Huntsville, and Parry Sound	· Bancroft Generation Plant	0.6 MWs	· Internet Service Provider
	· Drag River Generation Plant	0.3 MWs	· VOIP and Traditional Phone Services
	· Irondale Generation Plant	0.5 MWs	· IT Server Hosting
	· Elliott Falls Generation Plant	0.8 MWs	· Voice and Data Cabling
	· Solar Field	0.5MWs	· Business Phone Systems
	· Tesla Battery Storage	1.25 MWs	· Streetlight Maintenance
	· Wasdell Falls	1.65mWs	· 1350 Water Heater Rentals
	· ***12 Generation Facilities***	***17.85 Mws***	
	· Microgrid	1	
	· 65 EV Public Chargers	77 Ports	

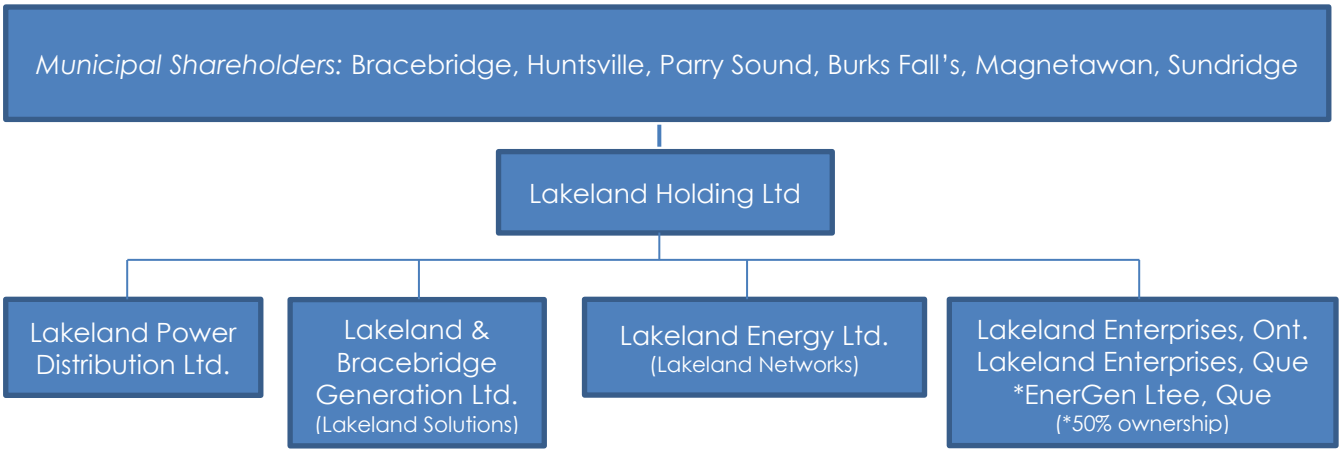
The 2026 Q2 report, attached as Appendix "A" to this memorandum, highlights Lakeland's continued progress in advancing its Mission for the benefit of our Shareholders and the customers we serve.

Respectfully submitted on behalf of the Board of Directors of Lakeland.

Chris Litschko, CEO

Appendix "A"

2026 Q2 Shareholder Update



Q1 Financial Update

Lakeland Holding's consolidated Q2 financial results demonstrate good performance as all business units are performing satisfactorily and remain aligned with their respective budgets, with costs consistently below target and some fluctuations noted in revenue. The current outlook suggests that the consolidated budget will be achieved.

The company is working to restore Generation's $2.5 million cash buffer for catastrophic events, including droughts, after it was depleted by the 2025 drought. Following a review of our investments, we sold our 50% ownership interest in the Chute Blanche plant in Quebec because it was not generating the expected returns or free cash flow required to support additional investments and dividends.

On a consolidated basis, Lakeland invested $4 million in capital improvements and expansion through the first half. Since 2006, Lakeland has distributed $24.6 million in tax-free cash dividends and increased shareholder value by $46.8 million.

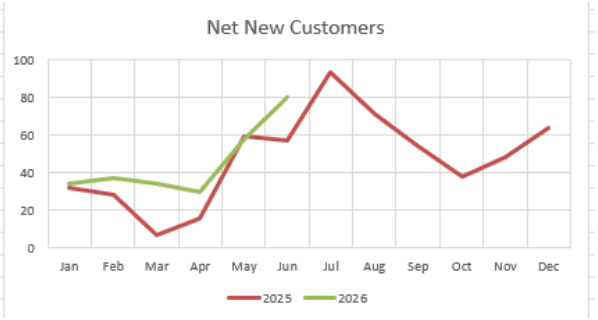
Operations

Cybersecurity remained a key area of focus during the quarter as Lakeland continued to strengthen its security posture, risk management framework, and employee awareness programs. Progress was made on enterprise risk management, vendor assessment processes, centralized logging and security monitoring initiatives, while preparations were completed for the 2026 independent penetration test. The organization

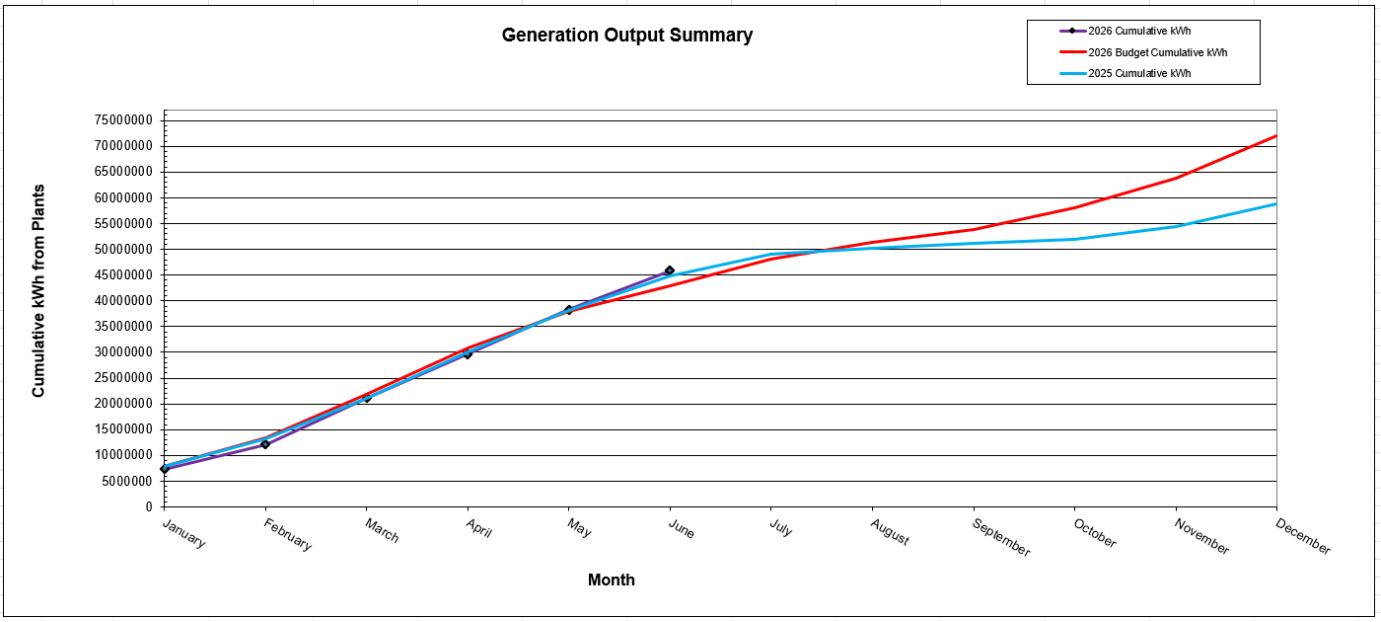
actively monitored and assessed emerging cybersecurity threats and vulnerabilities, with no material impacts identified to Lakeland operations from the most significant alerts reported during the quarter.

With 98 full-time team members, Lakeland continued to strengthen its workforce, compliance, and organizational development initiatives. The organization successfully recruited and onboarded a Journeyperson Powerline Technician, expanded its co-op and student workforce from 2 to 9 positions, and secured partial grant funding for summer student placements. Key regulatory milestones were achieved with the submission of the Year 3 Accessible Canada Act progress report and continued progress toward AODA compliance requirements. Employee retention remained strong, with regrettable and unplanned turnover at or near zero throughout the quarter. Ongoing health and safety training, monthly safety meetings, mental health awareness programming, and policy modernization efforts further reinforced Lakeland's commitment to employee wellbeing, operational excellence, and a positive workplace culture.

Lakeland Networks delivered a solid second quarter, with year-to-date subscriber performance remaining strong increasing to 9,288 as net new customers finished June up 37% versus the prior year, supported by a 7% year-over-year increase in new customers and a 10% reduction in cancellations, including a 31% reduction in customers leaving for competition. Operationally, the company advanced several key initiatives, including EV charging site construction and inspections, continued fibre construction in Parry Sound, release of new homes for sales, and completion of 124 residential and 10 business installations in June. Business customer activity also remained positive, with new and renewed agreements completed for 9 customers. The team also continued work on the New Experience Plans, Lakeland IQ App readiness, self-install processes, Tech Talk communications, TV platform review, network upgrades, positioning the business for improved customer experience, operational efficiency, and continued growth in the second half of the year.

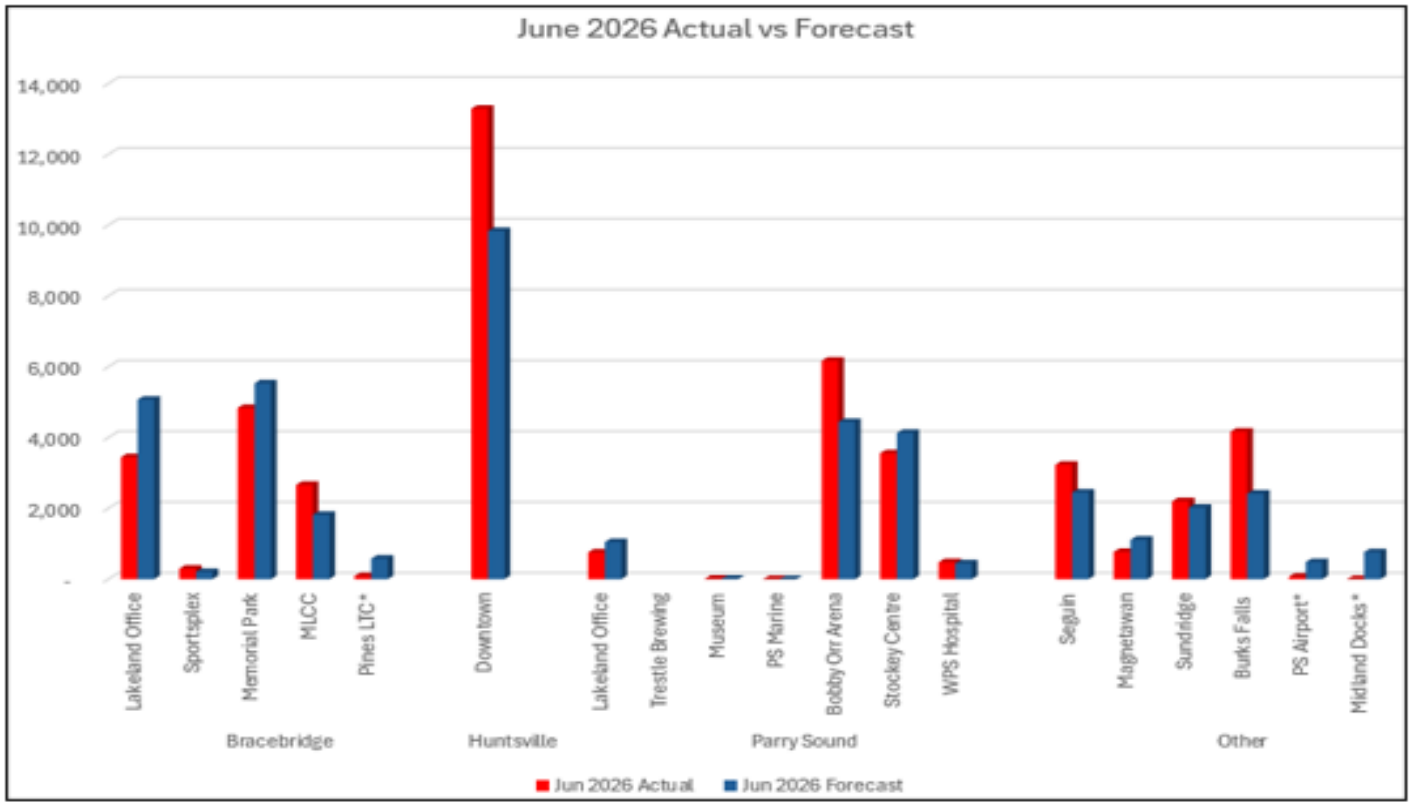


During the second quarter of 2026, Bracebridge Generation delivered strong operational performance despite highly variable weather and challenging watershed conditions. Through proactive water management and continuous monitoring, the team safely managed significant spring freshet events while maintaining reliable operations and protecting critical infrastructure. Generation exceeded budget expectations in both May and June, achieving 121% and 153% of budgeted production respectively or 105% YTD, while advancing key capital initiatives including Cascade Dam repairs, High Falls dewatering improvements, Mill Lake Dam engineering work, and the Bancroft Dam Safety Review. The team also completed important public safety improvements, and supported regional water management and watershed planning initiatives across Muskoka and surrounding areas.

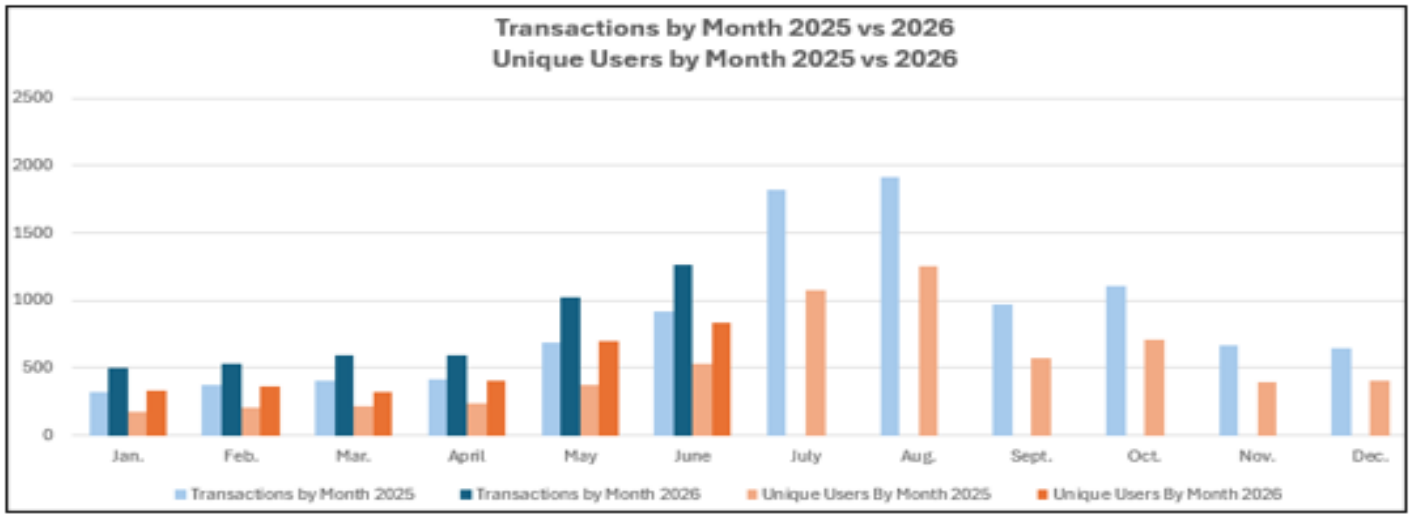


During the second quarter in Solutions, Lakeland EV Charging continued to deliver strong growth across its network while advancing key strategic infrastructure investments. Network energy usage remained well ahead of budget and forecast throughout the quarter, with June energy consumption reaching 46,014 kWh, 26% higher than 2025 levels, and year-to-date usage exceeding budget by more than 25,000 kWh. Transactions and unique users increased steadily, demonstrating growing customer adoption and utilization of the network. Two new charging locations in Washago and Penetanguishene were commissioned and brought into service, while construction and development continued on multiple funded projects across Ontario, including Huntsville, West Parry Sound, Coldwater, Severn, Temiskaming Shores, Port Carling, Rosseau, and Bancroft. Lakeland also secured and advanced several government-funded initiatives, expanded public awareness through the Plug'n Drive Muskoka EV education program and achieved an estimated 62 tonnes of CO_2 emissions reductions during May and June alone. Operationally, the business continued to strengthen network reliability, launched new analytics and asset management tools, and advanced fleet electrification initiatives, positioning Lakeland EV Charging for continued growth and Dleadership in regional EV infrastructure

June 2026 - Usage (kWh) by site compared to forecast.



Transactions and Users 2025 vs 2026



Unique users are defined as a visitor to Lakeland's EV Charging website or users of an app (i.e. downloaded and accessed the app), where the user actively participated/used the website or app.

In serving 14,977 customers, Lakeland Power continued to execute key reliability, customer service, and growth initiatives across its service territory. Major infrastructure projects advanced, including the Isabella and Joseph Street reconductoring project in Parry Sound, replacement of aging system protection equipment, ongoing meter recertification work, and multiple pole replacement programs to strengthen system reliability. The utility successfully completed customer-driven projects such as the Parry Sound Recreation Centre connection, new residential and commercial developments, and several EV charging and net-metering initiatives, while supporting future growth opportunities representing hundreds of potential new customer connections. Customer service performance remained strong, consistently exceeding Ontario Energy Board service standards, with more than 89% to 91% of calls answered within 30 seconds and low call abandonment rates. Customer engagement initiatives, including Save on Energy programming, enhanced outage communication tools, and expanded digital self-service options, continued to improve the customer experience. Despite experiencing significant weather-related challenges, including flooding, high winds, lightning events, and equipment failures, Lakeland Power's teams responded quickly and effectively to maintain safe and reliable service while supporting local communities.

