

Elexicon Corporation

2022 Annual Report



Resiliency · Readiness · Responsiveness

Our Purpose

Empowering through energy innovation for a cleaner, better future.

Our Beliefs

- + Collaboration
- + Curiosity
- + Diversity, Equity and Inclusion
- + Environmental and Social Well-being
- + Health and Safety

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ELEXICON GROUP

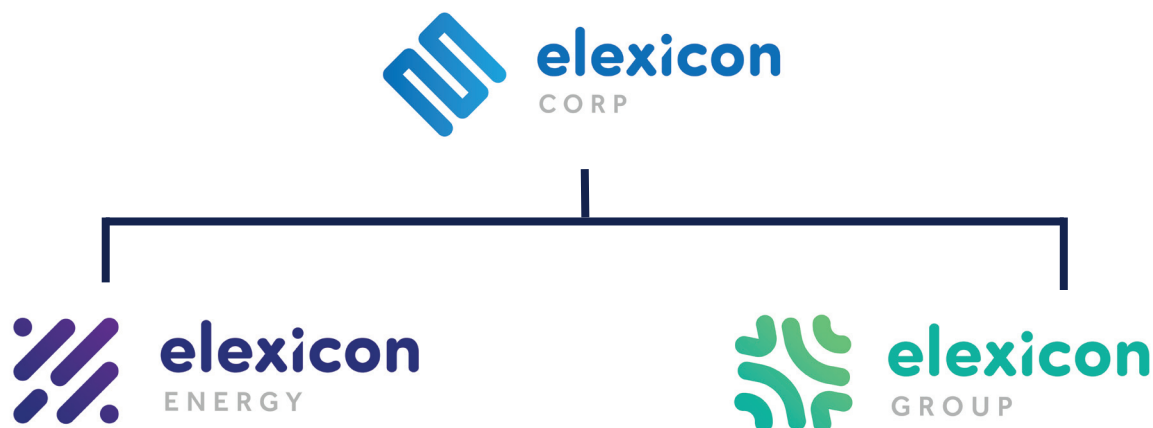
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Elexicon Corporation



Who We Are

We're powering life's most meaningful moments, as well as creating a harmonious connection between experiences and people and the environments where they dwell. Through our safe and reliable services, we illuminate, we move, we grow, we comfort, we nourish, and we educate, ultimately shaping stronger communities and a better world.



Elexicon Corporation is a holding company, 100 per cent owned by five municipal shareholders: the Town of Whitby, the City of Pickering, the Town of Ajax, the Municipality of Clarington and the City of Belleville. Elexicon Corporation consists of two wholly owned subsidiary operating companies: Elexicon Energy Inc. and Elexicon Group Inc.

Elexicon Energy Inc. is a regulated electricity distribution company that delivers electricity to approximately 175,000 homes and businesses located in ten municipalities in east-central Ontario. The company is regulated by the Ontario Energy Board, an independent regulator of the electricity and natural gas sector. Elexicon Energy, through its investments, is focused on grid modernization and integration of innovative technologies to its distribution network to provide reliable and cost-effective services, to meet the current and future needs of its customers. The company is defining the role of the distributor in the energy transition and electrification of the economy.

Elexicon Group Inc. is an emerging market leader in reducing energy costs and improving sustainability for private and public sector clients. The company believes that the two most powerful ways it can make a difference is by making buildings more energy efficient and accelerating the adoption of electric vehicles ("EVs"). Elexicon Group's Envision Utility Management program uses measurement, data and insights to identify and deliver innovative and best in class energy solutions for its clients, including system design, recommissioning and retrofits. The company's joint venture, EVSTART, aims to lead the Canadian market in the implementation of EV charging stations. Elexicon Group relentlessly pursues innovation and challenges the status quo in the pursuit of better bottom lines for its clients.

Facts + Figures

\$9.4M

in dividends paid
to shareholder
municipalities

\$350K

donated to local
charities and community
organizations

\$144K

raised for six vital
community agencies at
Elexicon Energy's Annual
Charity Golf Tournament

\$32K

raised at the inaugural
Dream Big, Dream
Brighter Gala in support
of Grandview Kids

\$15K

donated to Ontario Tech
University's Women
for STEM ("Science,
Technology, Engineering
and Mathematics")

175,676

residential and business
customers across ten
municipalities

37,328

hydro poles and pole
structures

4,658

kilometres of overhead
wires

2,609

kilometres of
underground cables

63

distribution substations

1

municipal transmission
station, energized on
December 11, 2022

92,743

customer calls
answered

13,972

customer emails
responded to

90%

customer satisfaction
(UtilityPulse Survey)

305

talented and committed
employees

Message from the Chair



A year of resiliency, readiness and responsiveness

I am pleased to report on my first year as Chair of Elexicon Corporation. I would like to thank all of the members of our boards, management, and employees in the organization for their continued dedicated work in enabling us to identify and execute on our strategy and fulfill our obligations to the communities we serve.

We have reached the conclusion of another interesting year with the alleviation of some of the immediate concerns of COVID-19, a rising spectre of economic uncertainty, the thrilling prospect of the electrification of everything, and the opportunities and challenges all of this poses for our collective futures. In this context, we have a regenerated focus on the future and how we can add value to the communities we serve, and fulfill

our responsibility and obligation to provide reliable and cost-effective electricity to enable economic and social growth.

We, as a corporation, continue to make thoughtful and prudent investments in our electricity system for the benefit of our collective stakeholders, with a laser focus on our customers, our employees and our communities.

During 2022, the corporation truly demonstrated its resiliency, readiness and responsiveness. We continued to adapt to the changing landscape of customer needs and new governmental requirements. We continued to work on readying our system for new customer options including Green Button and a new ultra-low overnight rate regime, as well as responding to the many initiatives flowing from the Ministry of Energy and the Ontario Energy Board, as we prepare for and build the future distribution grid.

Our continued strong performance in 2022 reflected our core strength in our local distribution company, Elexicon Energy Inc., as well as our ongoing efforts in the non-regulated operations through our innovative energy solutions provider, Elexicon Group Inc., and its core product offerings of Envision and EVSTART.

From a financial perspective, we had a strong performance in 2022, generating operating net income of \$16.8M for the period of January 1 to December 31, 2022, invested \$101.9M in our distribution system infrastructure, increased total assets to \$827.5M and our municipal shareholders benefited from distributions of earnings through annual dividends of \$9.4M - with those funds supporting the shareholder communities we serve.

Also, during 2022, we refreshed our board composition through retirements and the planned rotation of our director roster. We added eight new directors, some of whom commenced their tenure on January 1, 2023, including five independent directors, and two new mayors and a mayor's designate throughout the holding company and operating boards as we strive to improve diversity, equity and inclusion ("DEI") and meet the evolving needs of our boards and organizations. In that regard, we welcomed Rachel Ingram, Celine Caesar-Chavannes, Jennifer Sondergaard, Dee Patterson, Mike D'Amico, Elizabeth Roy, David Pickles and Neil Ellis. To our departing directors, Patrick McNeil, Brian Mountford, Ted Baker, Murray Angus and Sean O'Dwyer, we wish to thank them for their

contributions during their respective terms. Our ongoing focus on DEI, Indigenous Relations, and Corporate, Environmental and Social Responsibility, will remain an important component of our thinking and activities in 2023.

Additionally, our operating company CEOs, Indrani Butany-DeSouza and Craig Ballard, have just completed their first full year of executing on their strategies, and we continue to build out our senior management ranks within the respective operating organizations.

For Elexicon Energy Inc., through 2022 and into early 2023, the organization added several key members to the Executive Leadership Team, including, Cynthia Chan, our new Chief Financial Officer; Lincoln Frost-Hunt, Vice President of Digital and Innovation; and Stephen Vetsis, Vice President, Regulatory Affairs and Stakeholder Relations.

We continue to manage the challenges of a tight labour market although there are real signs we are making good headway and the teams are getting well established.

In 2022, and in light of these difficult times for our vulnerable communities, we have continued our strong history of and our commitment to supporting those in our community who are at risk by providing financial and community support. Elexicon Corporation's Corporate Giving Program provided approximately \$350,000 to a total of 100 local charities in 2022. There has been a lot of great work done by the organization throughout the year in this regard. It is an excellent example of the character of the people that make up our great organization.

As we close off 2022, we look forward to advancing our strategy of empowering our customers and communities through energy innovation for a cleaner, better future. We are also excited to continue along our growth trajectory, adopting innovative solutions to respond to new and existing challenges as we work towards the net zero mandate, and our work with government and industry led initiatives.



Jim Macpherson
Chair of the Board of Directors,
Elexicon Corporation

Corporate Governance

Elexicon Corporation believes that good governance in business leads to great outcomes. The Corporation is governed in accordance with the Business Corporations Act (Ontario) and a Shareholders' Agreement, and provides voluntary disclosure on its corporate governance practices. Elexicon Corporation is owned by five municipal shareholders: the Town of Whitby, the City of Pickering, the Town of Ajax, the Municipality of Clarington and the City of Belleville.

INDEPENDENT BOARD MEMBERS



Jim Macpherson,
C.Dir, Chair*
President,
Macpherson &
Associates Inc.



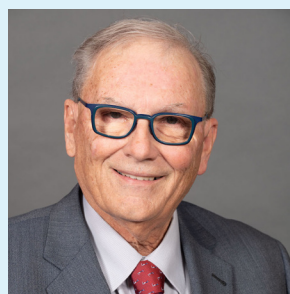
Ron Chatterton
C.Dir, Vice Chair
President, Niche
Advantage
Consulting Ltd.



Rachel Ingram**
General Counsel &
Secretary, McCain
Foods Group Inc.
at McCain Foods



Brian Mountford
Independent
Director



Doug Parker
CPA-CMA,
Independent
Director



Lesley Rose
C.Dir,
Senior Director,
Commercial
Financial Services,
RBC

*Position held by Patrick McNeil, from January to March, 2022.

**Appointed on July 1, 2022.

SHAREHOLDER BOARD MEMBERS



Elizabeth Roy*
Mayor, Town of
Whitby



Kevin Ashe**
Mayor, City of
Pickering



Shaun Collier
Mayor, Town of
Ajax



Adrian Foster
Mayor, Municipality
of Clarington



Neil Ellis***
Mayor, City of
Belleville

*Position held by former Mayor Don Mitchell from January to November, 2022.

**Former Mayor Dave Ryan's Designate from January to November, 2022. Appointed to the Director position in his capacity of Mayor in November, 2022.

***Position held by former Mayor Mitch Panciuk from January to November, 2022.

2022 BOARD AND COMMITTEE ATTENDANCE

For efficiency purposes, the Corporation, Energy and Group Boards of Directors formed a Nominating Committee of the Whole to undertake the Director Recruitment process for the vacancies beginning in early 2023.

| Ellexicon Corporation | | |
|--|----------------|--------------------|
| Director | Board Meetings | Committee Meetings |
| Jim Macpherson (1, 2) | 8/8 | 11/11 |
| Patrick McNeil (1, 2) | 4/4 | 4/5 |
| Ron Chatterton (2) | 7/8 | 3/3 |
| Rachel Ingram (1, 3) | 4/4 | 8/8 |
| Brian Mountford (2) | 8/8 | 6/6 |
| Doug Parker (1, 2, 3) | 8/8 | 19/19 |
| Lesley Rose (1, 2, 3) | 7/8 | 14/14 |
| Elizabeth Roy | 2/2 | NA |
| Don Mitchell | 6/6 | NA |
| Kevin Ashe | 8/8 | NA |
| Shaun Collier | 8/8 | NA |
| Adrian Foster | 6/8 | NA |
| Neil Ellis | 2/2 | NA |
| Mitch Panciuk (1) | 6/6 | 4/4 |
| Member of: 1. Audit, Finance & Risk Management Committee 2. Nominating Committee 3. Nominating Committee of the Whole | | |

| Ellexicon Energy | | |
|--|----------------|--------------------|
| Director | Board Meetings | Committee Meetings |
| Paul Murphy (1, 2) | 11/11 | 8/8 |
| Ted Baker (2) | 11/11 | 4/4 |
| Ron Chatterton (1, 3) | 11/11 | 7/7 |
| Dave McGregor (2) | 11/11 | 4/4 |
| Nicole McNeill (1, 3) | 11/11 | 12/12 |
| Sean O'Dwyer (2) | 11/11 | 4/4 |
| Doug Parker (1) | 11/11 | 4/4 |
| Member of: 1. Audit, Finance & Risk Management Committee 2. Human Resources, Compensation & Governance Committee 3. Nominating Committee of the Whole | | |

| Elexicon Group | | |
|--|----------------|--------------------|
| Director | Board Meetings | Committee Meetings |
| Karen Fisher (1) | 21/21 | 8/8 |
| Murray Angus | 21/21 | NA |
| Darren MacDonald | 21/21 | NA |
| Lesley Rose | 20/21 | NA |
| Jim Macpherson | 3/4 | NA |
| Brian Mountford (1) | 17/17 | 3/3 |
| Member of: 1. Nominating Committee of the Whole | | |

2022 Financial Performance

Elexicon Corporation had a strong financial performance in 2022 and provided its shareholder municipalities with healthy dividends. The Corporation had a net income of \$16.8 million and paid \$9.4 million to shareholders for reinvestment into their communities. Elexicon Corporation continued to deliver economic benefits to local communities and made capital investments of \$101.9 million.

**\$172.9
million**

in economic value and benefits delivered in 2022. The value created by Elexicon Corporation is fundamentally measured in terms of financial performance and operational excellence. In addition, the Province of Ontario and the communities we serve derive other economic benefits that, in 2022, amounted to more than \$170 million.

**\$101.9
million**

in capital expenditures in 2022. Investments in electricity distribution infrastructure to serve the needs of our growing communities.

**\$52.3
million**

in operating expenses in 2022. Property taxes, water costs, facility costs, professional fees, local purchasing, employee compensation and benefits, etc.

**\$9.4
million**

dividends paid to or payable to our shareholders for reinvestment in our communities.

**\$9.3
million**

payments to capital providers and government, and interest and payments in lieu of taxes.

Elexicon Energy



Joint Message from the Chair, and President and CEO



Resiliency, responsiveness, and readiness for the future of energy

As we reflect on 2022, it was certainly an eventful year at Elexicon Energy. There were many planned projects we were pleased to launch, and unplanned situations that required the immediate attention of all employees.

All eyes were on the challenges of climate change and the importance of our transition to net zero. We are seeing an increase in the frequency and severity of storms, and Ontario was hit by three major weather events that caused widespread power outages and significant damage to the communities served by Elexicon.

Power restoration is never easy and can be further complicated

by the extent of the damage and repair work required to re-energize customers. We are incredibly proud of how our crews, system operators and support teams demonstrated their readiness and resiliency throughout the year, and particularly in their response following all three major storms to restore power as quickly and as safely as possible.

The storm-related power outages emphasized just how important and critical electricity is to our customers and communities. They count on us to provide reliable, safe and affordable energy today, while developing the solutions they will need tomorrow.

It reminds us that we are at a pivotal moment in our industry. The electricity grid is

transforming, demand is increasing, supply is under pressure, and technology for utilities and customers is evolving. The spotlight on our sector is growing brighter each day. The future of energy rests on the current transformational changes and electrification that are happening, which will in turn place increasing pressure on our business to deliver.

We understand that electricity powers life's most meaningful moments, and in December 2022, we energized the Seaton Municipal Transformer Station. This is the first municipal transformer station wholly owned and operated by Elexicon. The station meets the rising power needs of our existing customers and will facilitate future customer growth as well as the connection of renewables.

Community engagement is at the heart of how Elexicon operates. Our Corporate Giving Program is about empowering the communities we serve to create a better future, together. Last year, the program provided funding to more than 100 community initiatives with a total donation amount of approximately \$350,000.

To strengthen the organization for the future, we continue to develop our One Elexicon Culture. This initiative has diversity, equity and inclusion at its heart. We have refreshed our vision and mission with “Our Why”, “Our Way” and “Our How” operating principles that drive everything we do. We have partnered with a 100 per cent Indigenous owned consultancy firm and started work on developing a Reconciliation Action Plan, as well as created a Land Acknowledgement and territory map for the areas we serve.

As we look to that future, we have also assessed our workplace and our expectations for employees post pandemic. We have adopted a hybrid work model for employees whose job does not require them to be in the office full time. We truly believe that our people are our most valuable assets and are proud of the commitment they have demonstrated in keeping our work environment healthy and safe for their colleagues.

Finally, whether it be their response to emergency situations like the devastating storms, their support for our safe return to work, or their vision as we plan for the future, we would like to thank our employees for their outstanding efforts as Elexicon continues to grow and evolve to meet the changing needs of our customers and the communities we serve.

Our Energy, Our Future.



Paul Murphy
Chair of the Board of Directors
Elexicon Energy Inc.



Indrani J. Butany-DeSouza
President and CEO
Elexicon Energy Inc.

Corporate Governance

Elexicon Energy is committed to maintaining and continuously evolving good governance practices. Elexicon Energy is a wholly owned subsidiary of Elexicon Corporation, which is owned by five municipal shareholders: the Town of Whitby, the City of Pickering, the Town of Ajax, the Municipality of Clarington and the City of Belleville.

BOARD OF DIRECTORS



Paul Murphy
Chair,
Independent
Director



Ted Baker
C.Dir,
Senior Conservation
Account Manager,
CLEAResult



Ron Chatterton
C.Dir,
President, Niche
Advantage
Consulting Ltd.



Dave McGregor
HRCC,
Independent
Director



Nicole McNeill
ICD.D,
President and Chief
Administrative
Officer,
Municipal Property
Assessment
Corporation



Sean O'Dwyer
ICD.D,
Independent
Director



Doug Parker
CPA-CMA,
Independent
Director

Our Why - Our Way - Our How

In early 2022, Elexicon Energy, with input and feedback from its employees, rewrote its Mission, Vision and Values and its One Elexicon Operating Principles into what is now referred to as 'Our Why, Our Way and Our How'. Our Why is why Elexicon exists. Our Way is the way Elexicon goes about delivering on its Why. Our How is how Elexicon behaves to deliver on its Why and its Way.

Our Why

We deliver safe and reliable energy to our communities* and create the possibilities that energize our customers' future.

Our Way: Strategic Pillars

Customer Centricity

is developing an agile operating mindset that prioritizes decisions to build and maintain a positive customer experience. Customers are the cornerstone of any service organization.

Operational Excellence

is the continuous improvement of the organization's people, processes, places, safety and financial sustainability. As a newly formed organization, unifying our processes, focusing on our people and their safety (as well as the public's), and better connecting with our customers and stakeholders is key to the sustained success of the organization.

Economic Development

is enabling the organization to be a trusted strategic partner and catalyst for growth by nurturing, developing, and managing relationships with our community shareholders and the stakeholders in the areas we serve.

Strategic Investment

With a solid investment strategy, Elexicon Energy ensures we continue to provide customers with reliable, affordable energy services while building a robust grid to manage current demand while also upgrading infrastructure, as appropriate, to prepare for a changing energy landscape in the years ahead. The focus will be on investments to benefit today, prepare for tomorrow and meet the needs of our shareholders and stakeholders.

Our **How**: Beliefs & Behaviours

Safe & Well

We promote a culture of safety and wellness.

Consistent

We hold self and others to a standard of excellence.

Respectful

We work with the highest integrity, valuing and showcasing appreciation for others.

Responsive

We are timely in addressing the needs of our communities*.

Collaborative

We work together, innovate and celebrate.

Clear

We ensure clarity.

*Communities: Shareholders, Customers and Team Members

Executive Leadership Team

Whether in the office or on the job, Elexicon Energy's Executive Leadership Team is committed to the pursuit of excellence. Each decision made supports the organization's position as a strong and responsible electricity distributor and helps ignite a better future for its customers.



Indrani J. Butany-DeSouza
President and CEO



Stacia Boss
Vice President,
People, Culture and
Corporate Services



Kristine Chandler
General Counsel
and Corporate
Secretary



Cynthia Chan
Chief Financial
Officer



Kriston Romano
Vice President,
Customer
Experience



Darren Mason*
Interim Vice
President,
Distribution
Operations



Kevin Whitehead
Vice President,
Asset Management
(January to
October, 2022)



Falguni Shah
Vice President,
Technology and
Innovation
(January to July,
2022)

*Moranne McDonnell January to November, 2022.

2022 Highlights

OPERATIONAL EXCELLENCE

Distribution System Performance

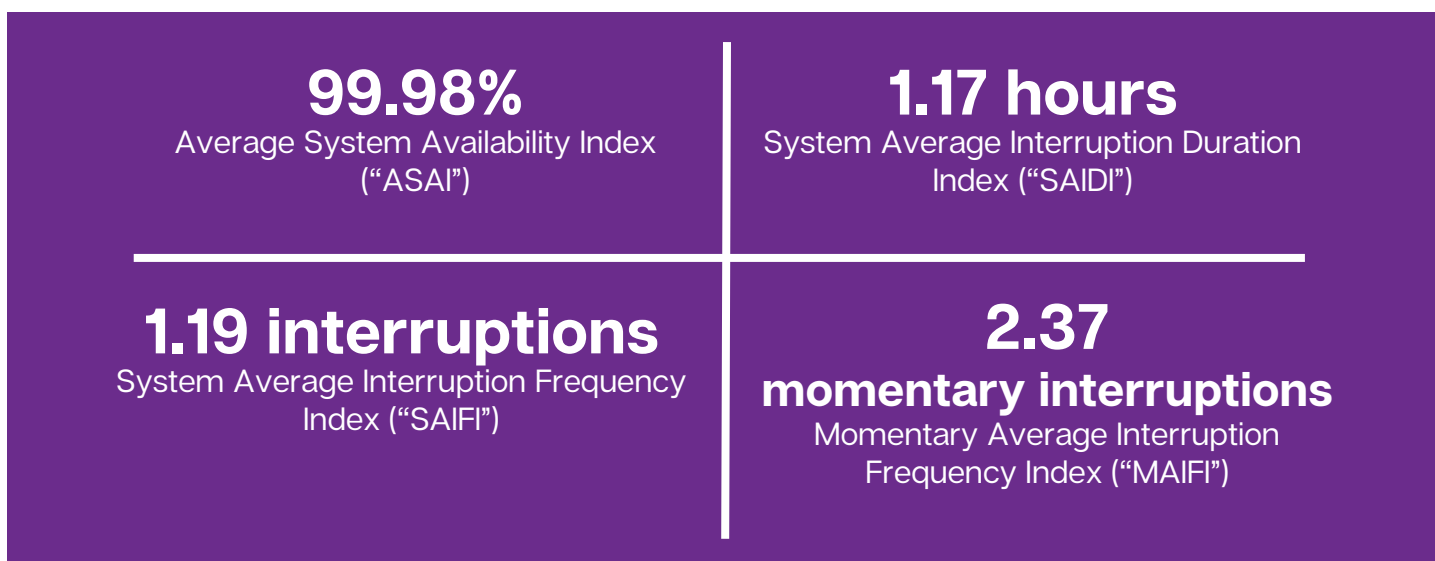
Elexicon Energy distributes power from the provincial electricity grid across its network to more than 175,000 residential and business customers in ten communities.

The organization's sophisticated electricity distribution network features intelligent monitoring systems and automated controls. At the heart of this system is a team of highly skilled operators and engineers who monitor the flow of electricity across a network of 7,267 kilometres of overhead lines and underground cables.

To keep the system running smoothly, Elexicon continually invests in proactive prevention strategies that include insulator washing, tree trimming, wildlife mitigation and thermographic inspection of distribution system apparatus to identify hot spots before they result in outages.

In the event that an outage cannot be restored remotely, a crew is dispatched from the nearest Operations Centre to investigate the cause, make repairs and restore power to customers as quickly and as safely as possible.

Elexicon is proud of its ability to mobilize crews and equipment from all parts of its service territory to restore power in any of its communities that suffer widespread outages due to severe weather events.



Average Service Availability Index ("ASAI") is the ratio of the total number of customer hours that service was available during a given time period to the total customer hours demanded.

System Average Interruption Duration Index ("SAIDI") is the average total duration of outages (in hours) experienced by a customer in the year.

System Average Interruption Frequency Index ("SAIFI") is the average number of times that a system customer experienced an outage during the year.

Momentary Average Interruption Frequency Index ("MAIFI") is the average number of momentary interruptions that a customer experienced during the year.

Resiliency, readiness and response to major weather events



Last year will be remembered for powerful storms that hit Elexicon Energy's service territory, and the resiliency, readiness and responsiveness demonstrated by employees across all departments.

On May 21, a powerful *derecho* storm ripped through Ontario, leaving 64,000 Elexicon customers without power. In addition, an EF2 tornado touched down in the Township of Uxbridge, destroying the Uxbridge West Substation, which required a full rebuild. Elexicon's Crisis Management Team ("CMT"), was already on high alert for this storm and activated the Power Restoration Plan. As a result of their efforts, power was restored to 90 per cent of customers by May 23, and 98.7 per cent by May 27. In addition, the Uxbridge West Substation was rebuilt, and the Township re-energized on May 29, within eight days of the storm.

On June 16 and 17, another devastating storm hit the City of Belleville, leaving nearly 15,000 customers without power. Damage was significant and widespread throughout the city. Again, Elexicon's CMT mobilized crews and systems operators to restore power as quickly and as safely as possible. The majority of customers had their power restored in under 36 hours, while the remaining 1,500 had their lights back on in under 48 hours.

On December 23, a significant winter storm hit southern Ontario, bringing strong and damaging

winds and heavy snow. More than 300,000 homes and businesses across the province and into Quebec lost power, including more than 10,000 Elexicon customers. Strong and gusty winds, paired with blowing snow, made power restoration efforts difficult and at times dangerous. However, our crews did not flinch and the holiday lights were shining by Christmas Eve night.

With all three storms, the One Elexicon spirit was on display during the power restoration efforts. Management and communications kept customers, community officials and the media updated on the efforts and status of repairs and power restoration, as crews worked around the clock to get the lights back on quickly and safely.

Supporting the transformation of the energy system



In July, Elexicon Energy filed its 2023 electricity distribution rate application which included two Incremental Capital Module ("ICM") project requests: the Whitby Smart Grid Project and the Sustainable Brooklin Project. Combined, these projects will drive innovation, support the transformation of the energy system, and improve the ongoing resiliency of the distribution system in the communities it serves.

The Whitby Smart Grid project involves the installation of a suite of proven smart grid technologies on Elexicon's distribution system. Through the application of Conservation Voltage Reduction, Elexicon expects to reduce energy consumption by as much as three per cent in

the Town of Whitby. With the installation of field devices and distribution automation technologies, Elexicon expects that customers will experience a reduction in the length and frequency of sustained outages. This project is estimated to provide an annual net benefit to customers of \$700,000 and will lay the foundation to enable the energy transformation.

With the support of the Town of Whitby, Elexicon submitted an application for the Sustainable Brooklin Project. Elexicon is seeking an exemption from a regulated requirement to collect a capital contribution from local developers towards the cost of constructing and operating the line that provides capacity to the development. In exchange, developers will build over 11,000 new homes in the North Brooklin community with features that enable Distributed Energy Resources (“DERs”) including rough-ins for solar panels, battery storage and electric vehicles. This project will create a fully DER-enabled community, providing a solid foundation for future conservation opportunities for customers. It will also allow Elexicon to implement non-wires alternatives in the community for greater resiliency and to defer future infrastructure investment to the benefit of all of Elexicon’s customers.

Power Workers’ Union ratifies Collective Agreement

In early December, employees represented by the Power Workers’ Union CUPE Local 100 (“PWU”) ratified a three-year contract with Elexicon Energy. The previous Collective Agreement, covering approximately 180 employees in critical front-line roles across Elexicon’s service territory, expired on June 30, 2022. Maintaining an electricity system that is reliable, safe and affordable is paramount, and the commitment of Elexicon’s PWU employees and the bargaining team for both parties helped to make this agreement possible.

CUSTOMER CENTRICITY

A new customer-friendly, mobile-first website



On August 30, Elexicon Energy launched its new customer-friendly, mobile-first website. The primary goal of the redesign was to create an interactive and engaging website that would improve the online experience for Elexicon customers and was responsive across all platforms and devices. At the beginning of the project, Elexicon surveyed its customers and held focus groups to determine user needs, and developed the new site based on those insights. The website’s content was organized into Home, Business, and Contractor & Developer categories to help all users easily find the information they need. The newly designed outage map uses the Google Maps Platform technology, and includes both a map and list view that is colour-coded based on outage type.

VoIP: Changing the way we communicate with customers

Elexicon Energy is continuously looking for ways to enhance the experience for its customers. In 2022, Elexicon completed the implementation of its new VoIP (“Voice over Internet Protocol”) telephony system to replace its aging phone system and Call Centre infrastructure. This fully integrated, cloud-based solution allows users to make and receive voice and video calls over the internet instead of a landline, and provides new features and functionality that improves all interactions with customers.

STRATEGIC INVESTMENTS

Exlexicon energizes its first fully owned municipal transformer station



The Seaton Municipal Transformer Station #1 (“Seaton TS”) was energized on December 11, 2022. This is the first municipal transformer station wholly owned and operated by Exlexicon Energy, providing connection capacity for renewable energy resources to the Seaton community, ensuring a more sustainable future for all. Seaton is a master plan development with 20,000 new homes under construction, as well as anticipated commercial and industrial customers, in one of the fastest growing regions of Ontario.

When selecting the location for the Seaton TS, Exlexicon conducted an extensive Environmental Assessment in consultation with ten Indigenous communities with historical connections to the project area. The site was selected based on a combination of cost, technical requirements, and environmental impacts, including potential archeological concerns of First Nations communities, and the Mississaugas of the Scugog Island First Nations, located near Port Perry.

New Belleville Operations Centre

In December, Exlexicon opened a new purpose-built Operations Centre to serve the electricity needs of the City of Belleville. This 16,000 square foot facility, which will serve as the

organization’s eastern energy hub, houses line staff, engineering technicians, a metering department and administration. Features of the facility include a back-up control room to support the primary control room in Ajax, a functional garage for fleet vehicles, expanded storage for inventory and equipment, plus improved safety with state-of-the-art security features in and around the facility.

ECONOMIC DEVELOPMENT

Golf tournament raises a record-breaking \$144,000



After a two-year hiatus due to COVID-19, Exlexicon Energy’s 2nd Annual Charity Golf Classic was held at Deer Creek in the Town of Ajax. More than 270 golfers representing the Exlexicon Board of Directors, employees, partners, and colleagues across the energy sector attended the tournament, raising a record-breaking \$144,000. Six vital community agencies were recipients of the funds: Feed the Need in Durham, Gleaners Food Bank (Quinte), Gravenhurst Against Poverty, Ontario Shores Foundation for Mental Health (Whitby), Frontenac Youth Services (Oshawa) and Hearth Place Cancer Support Centre (Oshawa).

Dream Big, Dream Brighter Gala nets \$32,620 for Grandview Kids



In partnership with Grandview Kids, Elexicon Energy launched the inaugural “Dream Big, Dream Brighter Gala”. The fundraising event raised a remarkable \$32,620 for the community agency. Elexicon is committed to supporting the most vulnerable in its communities, and the proceeds will ensure Grandview can continue to help thousands of children and youth in the Durham Region live life at their full potential. This was the first event in a multi-year partnership between Elexicon and Grandview Kids.

Elexicon shines bright at industry awards

Electrical safety is a top priority for Elexicon Energy; the organization recognizes the importance of educating children on electric hazards from an early age. Elexicon was proud to be recognized by the Electricity Distributors Association with an award for public electrical safety excellence for its partnership with the Kids’ Safety Village Durham. The village - one of only six in the province - is a kid-sized version of a real town that teaches students in grades 1 to 3 all aspects of safety. Through animated electrical safety videos and comprehensive in-person learning, Elexicon staff presented to hundreds of students, receiving positive feedback from schools and the Kids’ Safety Village.

“The Ontario Shores Foundation is honoured to have been chosen as the beneficiary of the Elexicon Energy Charity Classic Golf Tournament. This support will enable Ontario Shores to effectively treat the mental health of adolescents in Durham Region and beyond through the expansion of our Adolescent Eating Disorders Unit. We couldn’t be more grateful to Elexicon Energy for their commitment to supporting youth in our communities.”

Tani Little,
Interim CEO
Ontario Shores Foundation

“We are incredibly excited for this partnership with Elexicon Energy. We are so thankful that Elexicon Energy has chosen to invest in Grandview Kids and in the future of so many children and youth across the Durham Region.”

Brigitte Tschinkel,
Executive Director
Grandview Kid’s Foundation

“Elexicon Energy’s support of the Alzheimer Society of Durham Region is helping provide counselling, support and education for people living with Alzheimer’s disease and other dementia. Their generous contribution helps ensure those living with dementia have access to the services they need, and their families and care partners are supported and prepared for the journey ahead. Thank you for investing in our community and helping to improve the quality of life for those impacted by dementia in Durham Region.”

Kendel Ferrara,
Director of Philanthropy
Alzheimer Society of Durham Region

“Caring for our community is a shared value of both Elexicon Energy and Lakeridge Health. Thanks to Elexicon’s support in 2022, Lakeridge Health Foundation has been able to fund critical cancer care priorities through Our Cancer Campaign such as capital projects and equipment that will advance cancer services throughout Durham Region and beyond. With 1 in 2 community members being diagnosed with cancer, community partnerships like ours helps bring in new technology that improves care options and changes the course of this disease for our loved ones.”

Steve MacDonald,
Director, Development & Campaigns
Lakeridge Health Foundation

Elexicon Group



Joint Message from the Chair, and President and CEO



Leading progress and change in the evolving energy industry

You may recall that our keywords for 2021 were Resilience and Perseverance. It's safe to say that those words continue to be critical to the foundation and success of any new company, including ours, but another word fittingly came to the forefront for our organization in 2022: Leadership.

We are in the midst of unprecedented shifts and changes in the energy industry and green economy as the world rapidly accelerates towards decarbonization and more affordable and sustainable buildings, transportation and sources of energy.

In these exciting and turbulent

times, we are seizing the opportunity to lead change and progress in the built environment, which between buildings and related mobility, represents well over half of all carbon emissions and energy and utility costs in Canada.

We decided early on in our journey that accelerating the transition to electric vehicles ("EVs") was going to be an essential cornerstone of our vision and strategy, and in 2022 we made great strides towards delivering on that vision. We successfully launched a new joint venture in EVSTART and installed hundreds of new EV charging stations across Canada and secured contracts to install thousands more in the coming years. And still, we are only just at the very beginning of what promises to be an

exponential growth curve towards the full potential of EVs and charging in Canada.

We also led the market in Canada with exciting and innovative technologies, including automated pool covers for community pools, cold water resurfacing systems for ice rinks and revolutionary rooftop wind turbines. The Town of Ajax successfully installed the first automated pool cover of its kind in Canada, which has opened the flood gates for many more facility operators to get on board with lower costs and emissions. We are looking forward to installing the first Aeromine rooftop wind turbines in Canada in 2023.

And we are leading the market with our flagship Envision Utility Savings as a Service program for building owners and

operators across Canada, adding many new clients and hundreds of new buildings to our portfolio where we track and analyze utility and carbon emission costs and performance using real-time sensors to drive insights, continuous improvement and return on investment for our clients. We are leading with the market's most powerful data so we can deliver real-world results to our clients.

We are leading by adopting modern, lean and cloud-based technologies to help our business scale faster and more efficiently with more visibility, automation and integration. In 2022, we started the ambitious transition to Netsuite as our business platform which gives us the support and horsepower to grow from a start-up to a subject matter expert to a large enterprise.

And last, but certainly not least, we are leading by getting the best and brightest people on our team. We more than doubled our employees in 2022 and added some key leadership personnel and experience while promoting many of our rising stars. We must continue to focus on being the best place to work in the industry so we can attract and retain the talent we need to grow to the next level and beyond.

However, 2022 was not without its challenges, as we had significant project and revenue delays driven by global supply chain shortages and

bottlenecks, but we weathered the storm, finishing the year with our best quarter as a company.

Looking ahead, 2023 promises to be a breakthrough year for Elexicon Group as we continue to innovate and lead the market in enabling and delivering sustainable and affordable housing, mobility and recreation in the built environment.

Undoubtedly, we will face some new and unexpected challenges on our journey, but we will continue to rely on perseverance, resilience and leadership to see us through.



Karen Fisher

Chair of the Board of Directors
Elexicon Group Inc.



Craig Ballard

President and CEO
Elexicon Group Inc.

Corporate Governance

Elexicon Group is committed to maintaining and continuously evolving in its good governance practices. The Board of Directors operates as a Committee of the Whole to review and provide strategic, financial, risk and policy guidance and oversight to the Management Team.

BOARD OF DIRECTORS



Karen Fisher
C.Dir, Chair
Independent
Director



Murray Angus
CPA, CA,
Acc.Dir
Independent
Director



Darren MacDonald
President, DMAC
Energy Consulting
Ltd.



Jim Macpherson*
C.Dir, President,
Macpherson &
Associates Inc.



Brian Mountford**
Independent
Director



Lesley Rose
C.Dir,
Senior Director,
Commercial
Financial Services,
RBC

*Tenure ended on March 31, 2022.

**Tenure began on April 1, 2022.

Who We Are

Vision

Canada's foremost leader in reducing utility costs and improving sustainability in the real world.

Mantra

"Energy and utilities can be way better, let's do it together."

Mission

Deliver meaningful, measurable change by helping every building, business, and city in Canada reduce their utilities consumption and costs while producing less carbon emissions.

Values

The three H's inform everything we do at Elexicon Group.

Honest

We always tell the truth to each other, our clients, and business partners, even when there's bad news or we fell short. If it's not good enough, we make it right.

Humble

We are humble students. We recognize there is always something to learn from others with diverse backgrounds and experiences and we never have it all figured out. We are never afraid of admitting we don't know the answer and asking for help.

Hungry

We are relentless in our pursuit of progress and we are never satisfied with good enough. We always go the extra mile for clients and if we can't be the best at what we do, we aren't going to do it.

Management Team



Craig Ballard
President and CEO



Lisa Barker
CPA, CA,
Controller



Jeff Salazar
Director, Energy
Solutions



Ian Potter
Director of Sales



Brian Vipond
Manager, Business
Development



Don Seguin
A.S.C.T
Manager of
Technical Services



Chris Dimtses
Manager, Electrical
Construction

2022 Highlights

Ellexicon Group was created in 2019 by the merger of Whitby Hydro Energy Services and Veridian Corporation to make energy better. With a legacy of service in the energy business that goes back more than a century, it's our long history that lets us imagine the future. We are leading by adopting modern, lean and cloud-based technologies to help our business scale faster and more efficiently with more visibility, automation and integration.

This past year, we saw demand increase significantly from our clients to find smarter and more sustainable solutions to meet growing energy demand needs.

- + 1,507,000 ekWh (equivalent kilowatt hours, which converts natural gas into kWh so electricity and natural gas figures are combined)
- + 220 Metric Tons of CO₂ (equivalent, equal to the annual amounts shown below)
- + 218 electric vehicle charging ports installed in 2022 with another 1,000 ready to be installed in 2023.

EQUVALENCY RESULTS

CO₂ emissions from

67.4

passenger vehicles

93,721

litres of gasoline
consumed

2.9

tanker trucks'
worth of gasoline

51.5

homes' energy use
for one year

147

homes' electricity
use for one year

497

barrels of oil
consumed

9,167

propane cylinders
used for home
barbeques

ADDITIONAL HIGHLIGHTS IN 2022

Cold Water Resurfacing at Uxbridge Arena and Community Centre

Elexicon Group installed Realice Cold Water Ice resurfacing at the Uxbridge Arena and Community Centre. Since the installation, there has been a 30 per cent reduction in ice plant electricity usage, along with the elimination of natural gas consumption used for heating the resurfacing water, which translates to approximately \$8,000 a year in savings. In addition, the system improves the ice quality and reduces water usage. With over 3,300 indoor ice rinks in Canada, the implementation of cold water resurfacing technology presents a significant opportunity to make a substantial impact on Canada's climate change initiatives.



Motorized Pool Cover Installation at Ajax Community Center

Elexicon Group also installed its inaugural motorized pool cover at the Ajax Community Center. Since the installation, there has been a 17 per cent reduction in electricity usage and a substantial 20 per cent reduction in natural gas consumption, meaning tangible cost savings for the facility. The pool cover has also contributed to improving the air quality around the pool deck and has extended the lifespan of the pool dehumidification system, providing additional benefits beyond energy conservation. With over 1,000 indoor pools in Canada, this initiative has the potential to make a substantial contribution to the country's overall greenhouse gas reduction targets.





elexicon
CORP

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