



Municipal Annual Report

June 2023



2022 HIGHLIGHTS | Chair Roger Alexander

- Zero lost time accidents – meeting plan = 7 years+
- Cyber Security – deemed highest risk – upgrades to training, testing, monitoring, procedures
- Rebranding of Company – fresh & consistent looks
- \$2M Dividend protected (even though \$2.5M lower generation cash)
- \$8.5M in capital upgrades & expansions
- Take Charge EV Charging Station project approval
- Record number of broadband connections
- 24 additional hires to support growth
- 15,292 homes passed, 6,952 connections = 45% fibre optic penetration

2022 HIGHLIGHTS | Chair Roger Alexander

Lakeland Holding's Objective

“Improve customer service and product offerings that increase profitability for shareholder dividend distribution.”

CONSOLIDATED ANNUAL REVIEW

2022

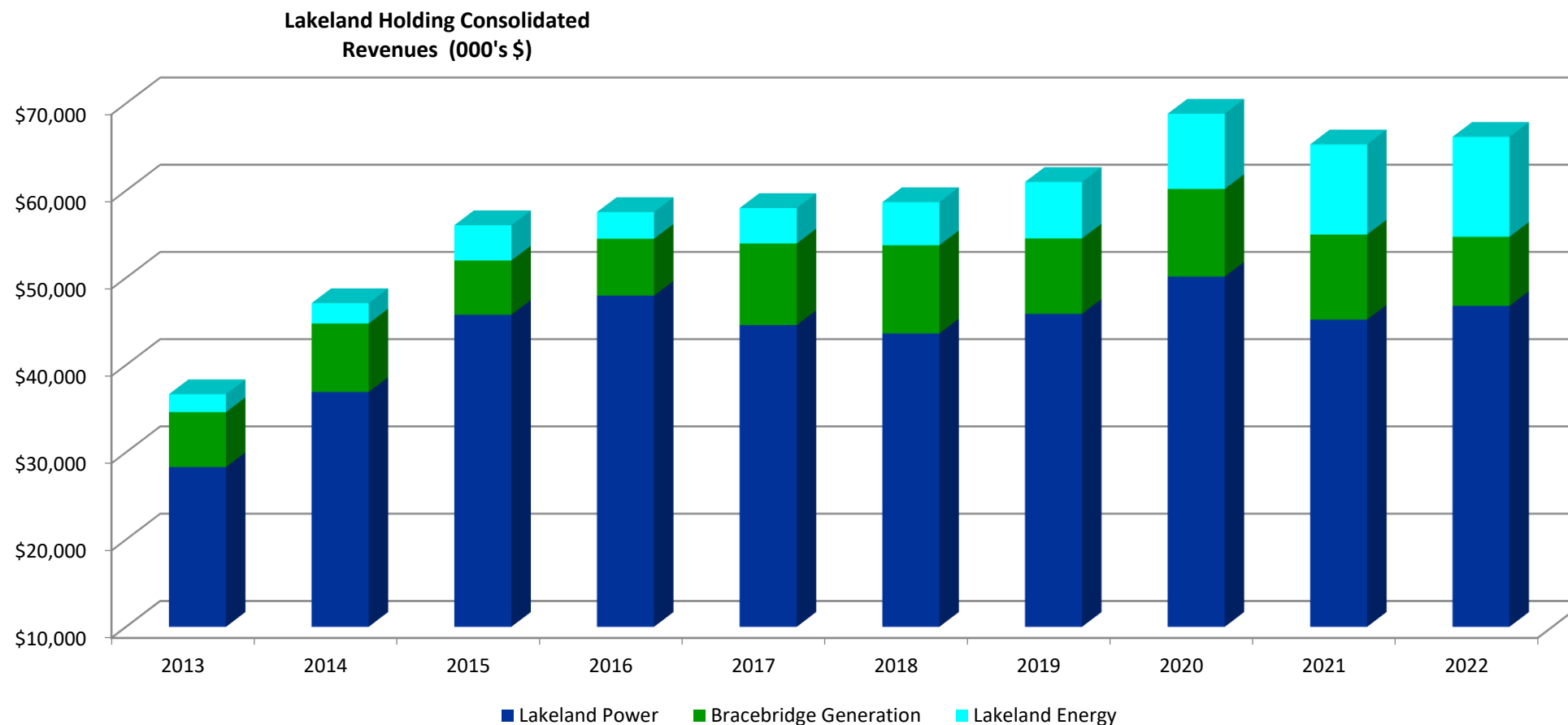
2022 Human Resources, Health, Safety, Environment | Taylor Servos

- For the 7th straight year, we have 0 lost time accidents
- Through COVID-19 we had no organizational outbreaks or shutdowns
- Experienced another year of major growth – we hired 24 employees in Networks
- Internally promoted 9 individuals – keeping our retention and motivation strong throughout the year
- Between all companies we donated \$33,000 to charities and organizations within our shareholder communities
- Inaugural year of the “Lakeland Networks Bursary” which is awarded to 4 graduating high-school students within the shareholder communities that are attending post-secondary school

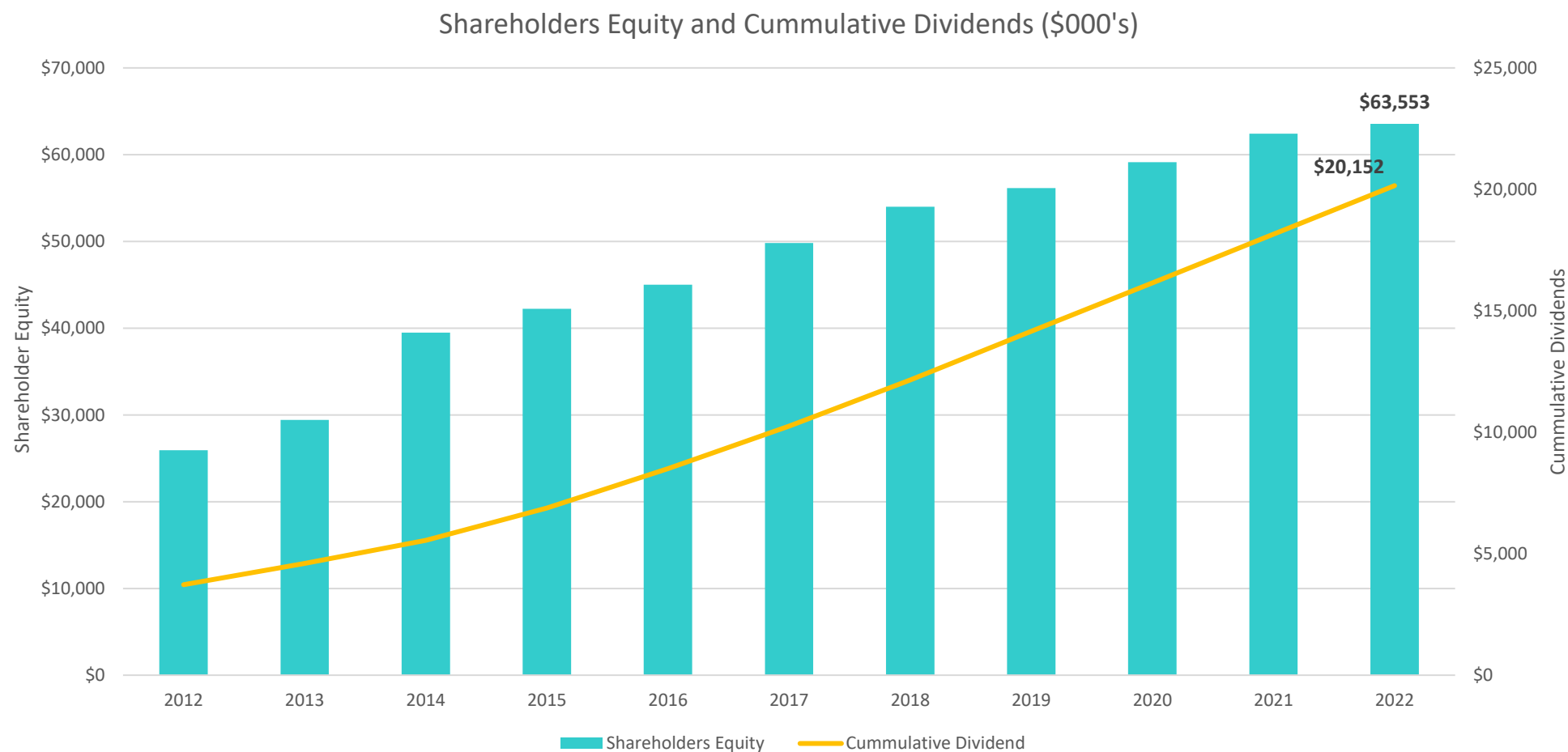
2022 FINANCIAL HIGHLIGHTS | Margaret Maw

- Increased Shareholder equity by 2% over prior year in addition to maintaining \$2M dividend payment
- Investments included partial government funded projects and operational capital
- EBITDA declined over 2021 by 14% or \$1.9 M. Predominantly from generation revenues lower due to drought like conditions -\$1.9M impact
- Higher Energy revenues due to increase in fibre connections \$1.4 M impact offset by higher costs/staff increases to provide existing and future growing service - \$1.0 M net
- Distribution revenue higher due to consumption and rates \$266 K impact on NI

Lakeland Holding | Consolidated Revenue (000's \$)



Lakeland Holding | Dividends and SHAREHOLDERS Equity



COO | Vince Kulchycki

SUBSIDIARY COMPANY REVIEWS

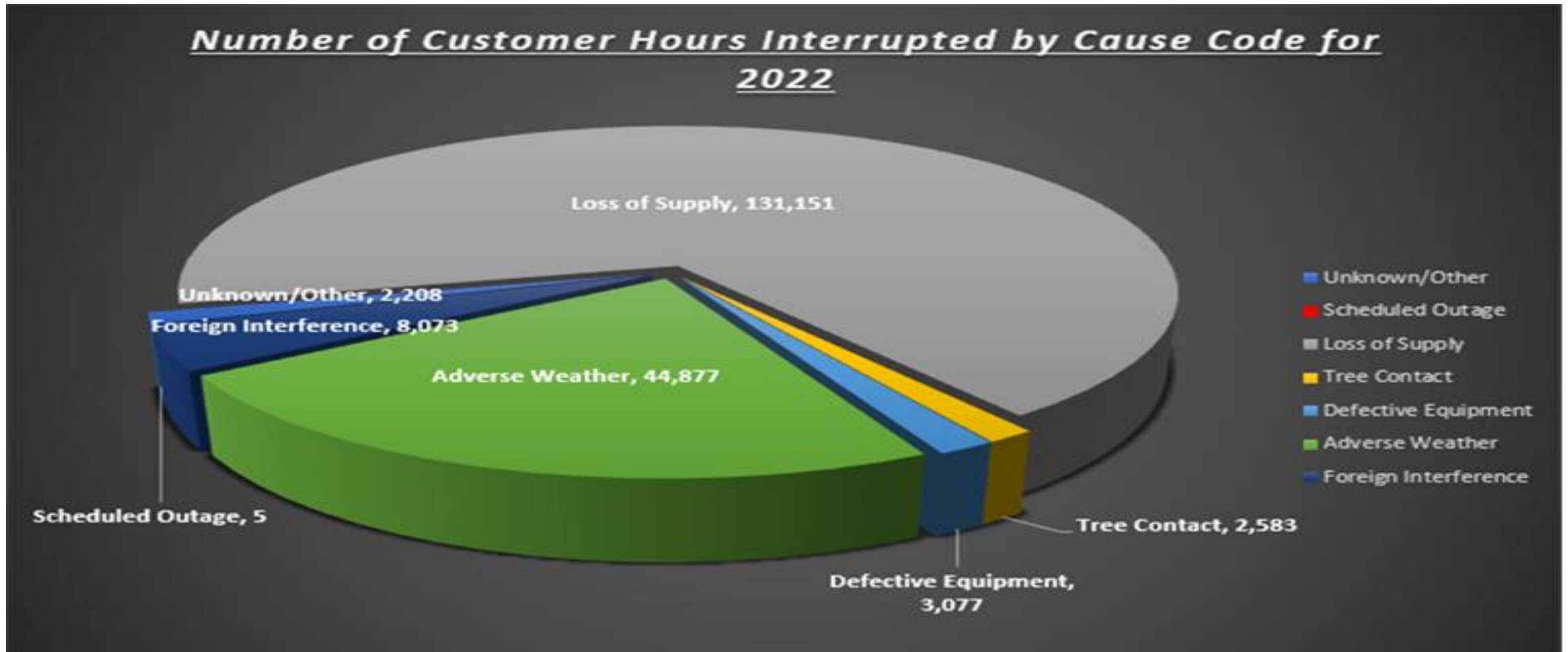
2022

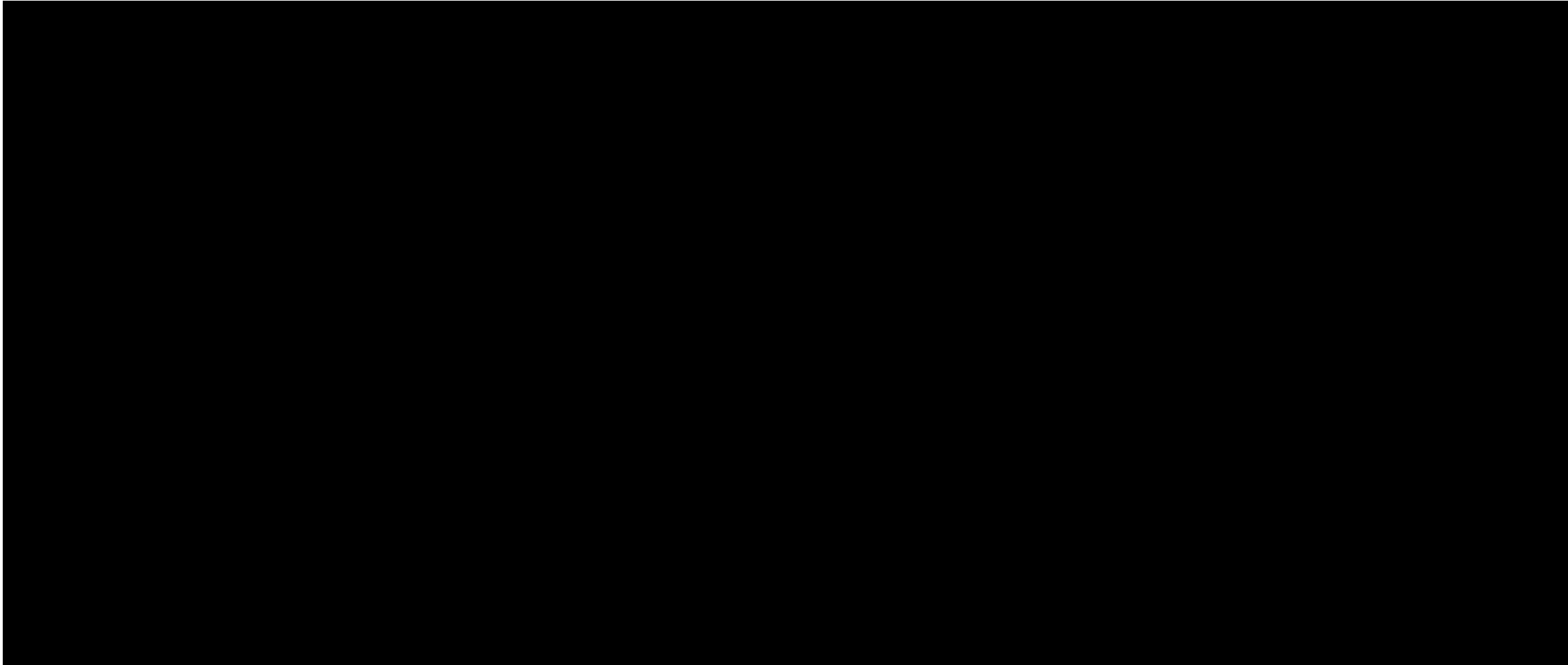


2022 Review

- COVID Relief – no disconnects, no interest penalties, worked closely with customers = \$90K in financial assistance
- 170 additional customers connected = 14,351 total
- October & December Snowstorms = assisted Elexicon & Hydro One
- Incentivized and gained 200 customers on Ebilling – lowers administrative costs
- Manager led creation of purchasing group
- Proactive Infrared scan completed = 100 hot spots found
- Customers experienced average of 3.02 outages for 3 hours 16 minutes to outage time on Lakeland Power's system
- Customers experienced additional 17 outages for 9 hours due to loss of supply from Hydro One
- Tree trimming completed in Magnetawan and Bracebridge – part of 6-year cycle
- Improving outage assistance with 3rd party contract for maps, social media, etc.

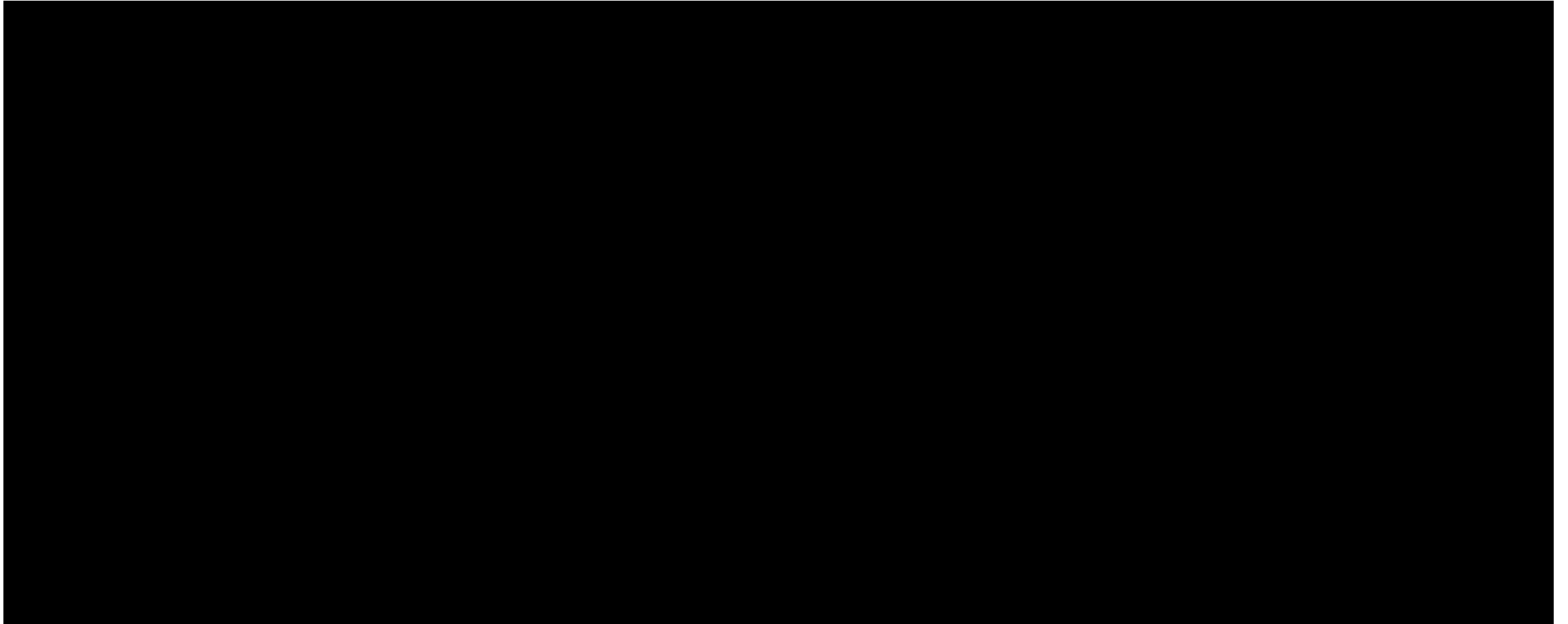
Number of Customer Hours Interrupted by Cause Code | 2022





2022 CUMULATIVE MONTHLY GENERATED | KWh







CEO | Chris Litschko

3 YEAR

BUSINESS PLAN

Business Approach

Balanced scorecard approach that is **SMART** (specific, measurable, achievable, relevant, and time bound) with additional Key Performance Indicators

Lakeland Holding

Objective:

**Improve Customer Service and Product Offerings
that Increase Profitability for Shareholder Dividend
Distribution**

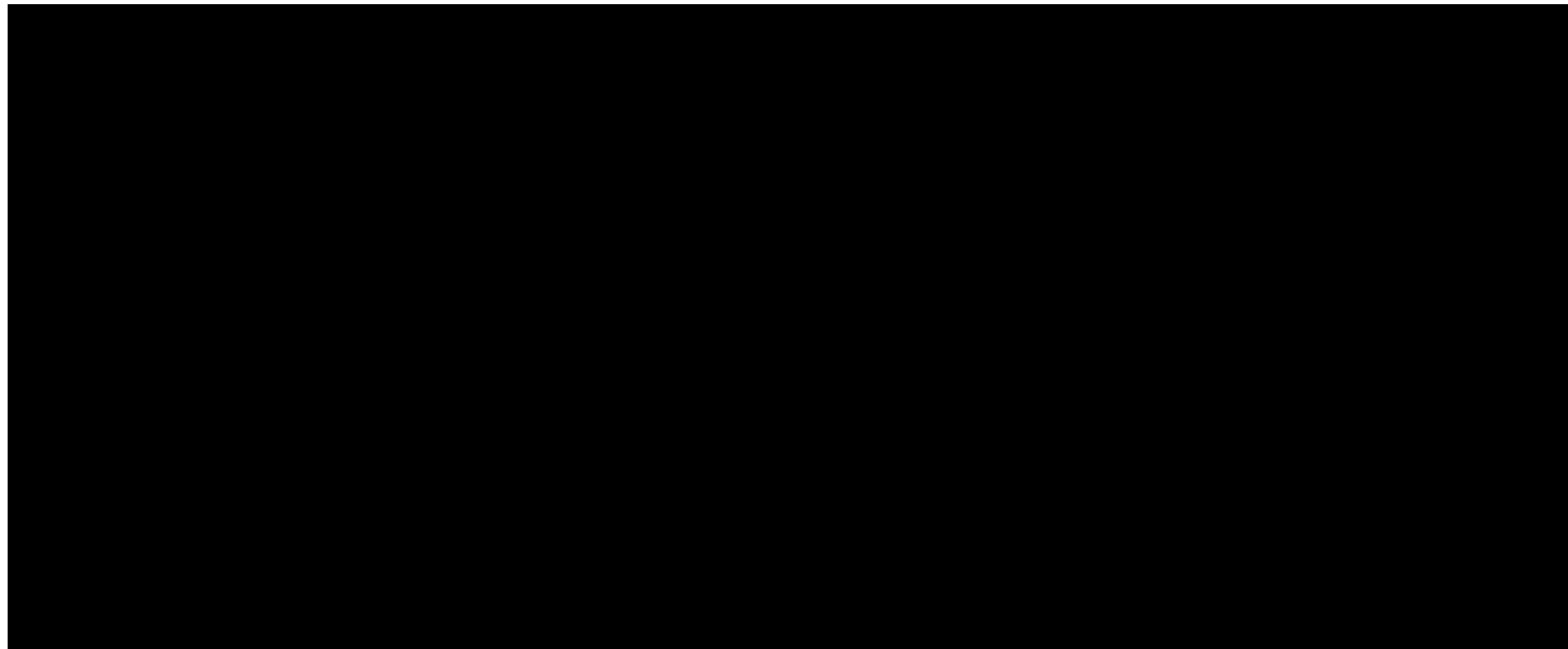
People & Culture – Business Plan

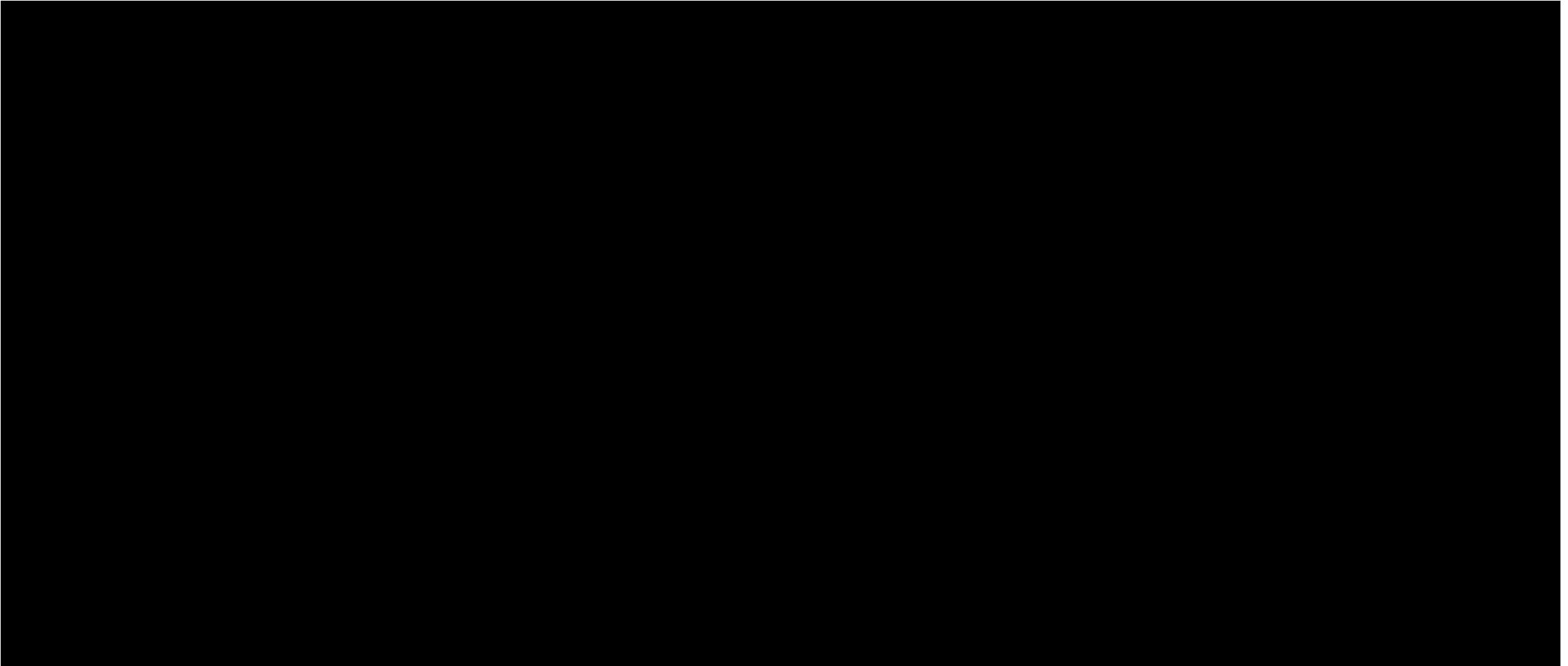
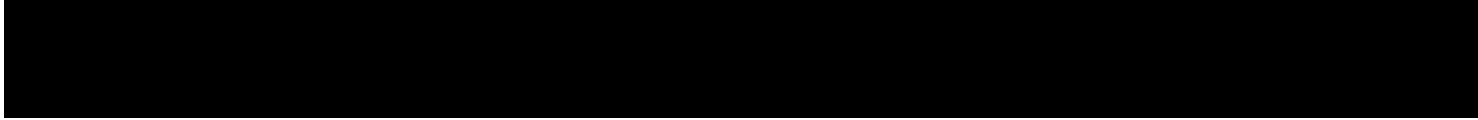
- 0 Loss Time Accidents
- 2 or less key staff resignations
- Coaching & Development of future leaders
- Shareholder Community's High School Scholarship Program
- Union Negotiations
- Wellness & Health survey & launch
- Employee Satisfaction Survey
- Leadership Training

Lakeland Power— Business Plan

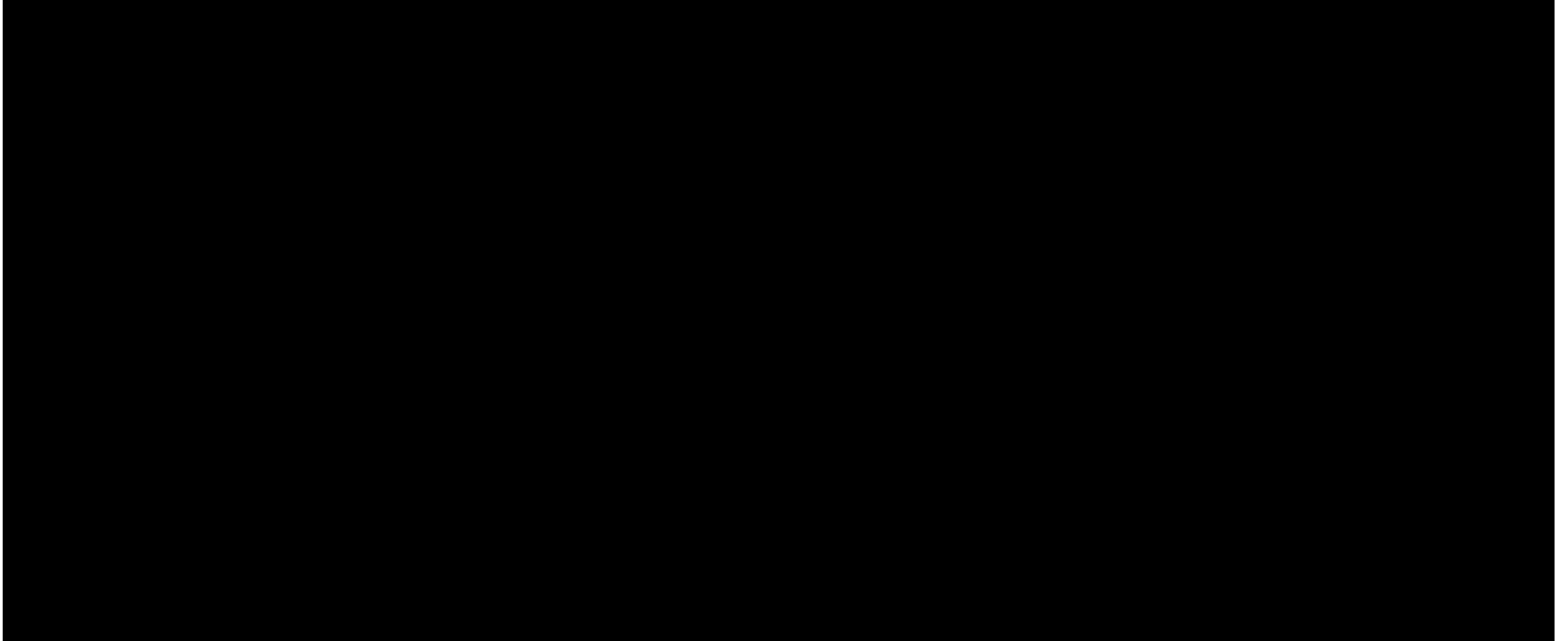
- Improve reliability internally – capital, mtce, automation
 - Top 10% of Province in lowest number of outages, duration, and controllable costs
- Improve communications for outage notifications and updates
- Infrared study - proactive maintenance
- Customer Satisfaction Survey
- Install Smart Switches – faster restoration times
- Increase Ebilling
- Ontario Energy Board Cost of Service Application

Generation – Business Plan





Lakeland Networks— Business Plan



Dividend | Chair Roger Alexander

The company budgets to maintain
the dividend payment of \$2M

This dividend is considered healthy and appropriate industry wide. We continue to reinvest earnings for growth, increasing shareholder value.

KEY ACTIONS:

- Assessed Lakeland Board, Chair and Director performance
- Follow Good Governance Standards
- All Directors enrolled with Institute of Corporate Directors
- 2 Directors ICD certified and one obtaining certification

CORPORATE GOVERNANCE REVIEW | Irene Zaguskin

Directors

- 1 Director resigned and not replaced
- 2 New Directors added
 - Cara Clairman: CEO of Plug'n Drive, OPG environmental lawyer & with Torys law firm, Renewable Energy 2017 'Woman of Year', 2021 EV Leadership Award from Electric Mobility Canada
 - Eugene Roman: Executive in Residence for AI and Applied Analytics at Schulich School of Business, Executive Vice President & Digital Excellence and Technology Advisor for Canadian Tire, member of Board of Governors at York University

BOARD OF DIRECTORS 2022/23 | Irene Zaguskin

Lakeland Holding, Bracebridge Generation, Lakeland Energy/Networks

Chair: Roger Alexander **Vice Chair:** Sam Davidson **Directors:** Eugene Roman, Mark Goldberg, Chris Litschko

Lakeland Power

Chair: Irene Zaguskin (Independent) **Vice Chair:** Phil Matthews (Independent) **Directors:** Cara Clairman (Independent) Mark Goldberg, Chris Litschko

BOARD ATTENDANCE

2022

Director Board Meeting Attendance

	<u>Board Meetings</u>	<u>Board Meeting Advisory</u>	<u>Committee / Advisory Mtgs</u>	<u>Shareholder Mtgs</u>	<u>Total Attended</u>	<u>Absences</u>	
Phil Matthews	8	28	34	2	72	1	Vice Chair of Lakeland Power Advisor to Holding, Generation, Energy
Roger Alexander	28	9	44	2	83		Chair of Holding, Energy, Generation Advisor to Power
John Kropp	28	9	19	1	57		Director of Holding, Generation, Energy Advisor to Power
Bruce Flowers	4	12	10	1	27		Chair of Lakeland Power until June 30, 2022 Advisor to Holding, Generation, Energy <i>Term ended June 30, 2022</i>
Sam Davidson	28	9	25	1	63		Vice Chair of Holding, Energy, Generation Advisor to Power
Mark Goldberg	37	0	17	1	55		Director of Holding, Power, Generation, Energy
Irene Zaguskin	9	28	14	1	52		Director of Power, July 1st Chair of Power Advisor to Holding, Generation, Energy
Cara Clairman	4	13	8		25		Director of Power, August 1st Advisor to Holding, Generation, Energy
Eugene Roman	13	4	6		23		Director of Holding, Generation, Energy, August 1st Advisor to Power
Chris Litschko	37	0	39	1	77	1	Secretary & Director of Holding, Power, Generation, Energy

Meeting Summary

- Refocusing on what we are good at
- Strong Performance Safety & Operationally
- Cash managed with lower Generation revenues - \$2M dividend maintained and shareholder equity increased
- Record number of fibre internet connections
- Refocusing on fibre expansion
- *Take Charge* Business Plan approved for EV charging station rollout throughout shareholder municipalities
- Letter of Intent signed to purchase Wasdell Falls
- Seamless microgrid kept 165 customers energized through 4 outages
- Diversification: electricity distribution, waterpower generation, solar generation, battery storage, broadband, potential other innovative electrical generation opportunities

Addendums



Board of Directors

Roger Alexander

Mr. Alexander was appointed to the Board of Parry Sound Hydro Corporation and subsidiaries in 2009 where he served as Chair. He joined Lakeland's board with the merger and Chaired the Human Resources Committee. He now serves as our Chair and also serves on other Boards including the West Parry Sound Health Centre. Mr. Alexander had a 22-year career with Siemens serving as division CEO/executive spanning a variety of industries such as energy, transportation, infrastructure, mining, medical and telecommunications. He was a member of the 6-member executive management group at Siemens Canada overseeing approximately \$3B in revenue and 7000 employees. He was also CEO at Areva Canada with direct line responsibility for over 1,100 employees and sales revenue in excess of \$500M including multiple manufacturing and mining sites across 14 locations in Canada. He holds an MBA from the Richard Ivey School of Business and is an Engineering Technologist (Ryerson). Mr. Alexander is also a graduate of the Director's Education Programme at the Institute of Corporate Directors where he maintains an ICD.D designation.

Phil Matthews

Mr. Matthews joined the Board in 2010 and is the immediate past Chair of the Board. He has a Master's degree in economics and is a CPA.CA. Mr. Matthews has over 50 years of business experience and retired from Ernst & Young in 2004, having served as a partner for 24 years. During his career, he dealt with a range of industries and businesses, from entrepreneurial startups to multinational public companies, providing a wide variety of services. Mr. Matthews served on the MAHC Board for 10 years and is the past Chair of MAHC.

Mark Goldberg

Mr. Goldberg was appointed to the Board in 2016 and Chairs the Environmental Health and Safety Committee. For 40 years, Mr. Goldberg has worked in telecommunications, building national networks and leading the development of competition in the industry, having held leadership roles at Bell Canada, AT&T Bell Labs, CNCP/Unitel and Sprint Canada, managing networks with annual capital budgets in the order of \$1B. For more than 25 years, he has owned a consulting firm (Mark H Goldberg & Associates Inc.) and founded The Canadian Telecom Summit. Mr. Goldberg also is chair of The Canadian Committee for Haifa Foundation. He has a B.Sc. from Western and M.Sc. from Carleton in Mathematical Statistics.

Board of Directors | cont'd

Sam Davidson

Mr. Davidson was appointed to the Board in 2015 and currently serves as Vice Chair and Chairs the Finance and Mergers & Acquisitions Committees. He is a CPA, CA and has a B. Comm and BA in economics. Mr. Davidson is a senior finance executive with 30+ years of experience having held roles in finance, operations and project management and has extensive experience in mergers and acquisitions. He has worked in the transportation, construction and building materials and real estate development industries for high growth companies ranging in size from \$20 million to \$1.3 billion. Mr. Davidson currently works as an independent finance consultant to a private equity company and advises on investments and development opportunities in its infrastructure and real estate investment arm.

Cara Clairman

Ms. Clairman was appointed to the Board in 2023 and Chairs the People & Culture Committee. She is President and CEO of Plug'n Drive, a non-profit that is accelerating the deployment of electric vehicles (EVs) to maximize their environmental and economic benefits. Ms. Clairman has taken Plug'n Drive from an idea to a thriving non-profit, recognized as a leader in the EV space. Focused on accelerating EV adoption through outreach and education for over 10 years, Plug'n Drive has developed a number of award-winning programs to encourage consumers and fleets to make the switch from gas to electric, including the EV Discovery Centre and the Mobile EV Education Trailer (MEET). Ms. Clairman has more than 25 years of experience working in the environmental and sustainability fields, including 12 years working at Ontario Power Generation, initially as OPG's environmental lawyer and later in the role Vice President of Sustainable Development. Prior to joining OPG, Ms. Clairman spent five years practicing environmental law with the Torgys law firm. She holds a Bachelor of Laws from Osgoode Hall and a Masters in Environmental Studies from York University, as well as an Honours Bachelor of Science degree from Queen's University. She is the 2017 recipient of the Women in Renewable Energy 'Woman of the Year' award and the 2021 winner of the Al Cormier EV leadership award from Electric Mobility Canada. Ms. Clairman lives in a two EV household, including a Chevy Bolt and a Tesla Model 3.

Board of Directors | cont'd

Irene Zaguskin

Ms. Zaguskin was appointed to the Board in 2019 and Chairs the Human Resources & Nominating Committee for Lakeland Power. She has experience in numerous industries including Retail, Telecom, Manufacturing, Energy and Utility Sectors. Ms. Zaguskin specializes in delivery of large-scale organization and digital transformations. Currently, Ms. Zaguskin is the Chief Operations and Technology Officer at TPH. TPH is an industry leader as a Canadian printing company to over 12,000 businesses. The company branches are experts in graphic design, state-of-the-art printing technology and creative fulfillment solutions. Prior to joining TPH, Ms. Zaguskin was a CIO and CISO of Enercare, one of North America's largest home and commercial services and energy solutions companies. She was a key contributor to enable the organization to grow from \$1.6B to \$4.3B, through numerous M&As and a digital and cultural transformation, driving Enercare away from legacy business practices into a new era of customer- focused initiatives. Earlier in her career, Ms. Zaguskin guided transformation initiatives at organizations such as Rogers, Loblaws and Canadian Tire, harnessing digital technology to improve the experiences of millions of Canadian customers. She has also played a key role in M&As for these organizations, thereby enabling expedited growth and expansion across North America. Ms. Zaguskin holds an MBA, Computer Science and Economics undergraduate degrees, an MIT certificate in Management, and Chief Information Security Officer Certification. She is also a graduate of the Director's Education Program at the Institute of Corporate Directors.

Eugene Roman

Mr. Roman has served as a non-employee director of our Board since September 2022. He is currently the Principal at Design.ai Ltd, a consultancy formed in 2019 that is focused on applying design intelligence to business opportunities. He serves as Executive in Residence for AI and Applied Analytics at the Schulich School of Business in Toronto, where he conducts research on emerging areas of AI and is a mentor to students. From 2012 to 2018, Mr. Roman held the position of Executive Vice President, Digital Excellence and Technology Advisor for Canadian Tire Corporation. Mr. Roman started his career in telecommunications with Nortel Networks Corporation, Bell Canada Enterprises Inc., and OpenText Corporation, serving in senior technology and business roles in Canada, the U.S. and the U.K. Mr. Roman has extensive board experience with EPAM Ltd. and Community Trust Co Ltd. and has also been a member of the Board of Governors of York University since July 2017. Mr. Roman holds a master's degree in business administration and a bachelor's degree in economics and geography from the University of Toronto. He is a Certified Professional Accountant and a graduate of the Institute of Corporate Directors program.

Executive Team

Chris Litschko, Chief Executive Officer

Chris Litschko is the founding Chief Executive Officer and a Board Director of Lakeland Holding and subsidiaries Lakeland Power, Bracebridge Generation, Lakeland Energy, Lakeland Enterprises, and EnerGen Ltd. Through expansion, acquisition, and automation, the company has improved health & safety, customer service, profitability and shareholders' dividend distribution. Annual revenues have grown to \$74M on total assets of \$160M. Chris's management and executive career has taken him through the southwest, central, and Niagara regions of Ontario. Chris has served on many for-profit and not-for-profit Boards. He is the current vice chair of the Electricity Distributors' Association - Georgian Bay District and accepted a provincial appointment to the Ontario Trillium Foundation's Grant Review Team. Chris possesses a Bachelor's Degree from Brock University, enhanced with the Ivey Executive Program from the University of Western Ontario. Chris supports causes towards children in need, health, entrepreneurs, environment, anti-bullying, protecting women against violence, cystic fibrosis, cancer society, and animal rehabilitation.

Vince Kulchycki, Chief Operating Officer

Vince Kulchycki, a native of Grimsby Ontario, graduated from Mohawk College with his certification from OACETT. His career began with electrical and PLC automation at Dofasco and quickly shifted gears to geographical information systems and distribution systems analysis with Milton Hydro. During this time, he was also running his own company, which he sold after 13 years. Vince moved on to Oakville Hydro where he was part of the team for meter shop accreditation with Measurement Canada. He joined Grimsby Hydro as an Engineering Technician responsible for all distribution system and consumer designs, GIS and designed and installed the first SCADA system in Grimsby. Mr. Kulchycki also facilitated Grimsby Power's affiliate companies design and implementation of its fibre optic network. Through his ambition for finding a growing, entrepreneurial organization, Vince made his way to Bracebridge in 2001 accepting the position of Manager of Operations for Lakeland. In 2006 he was promoted to Director of Operations & Generation and in the two years that followed became Chief Operating Officer for Lakeland Holding. Team accomplishments include expanding the generation capacity 700%, creation of a fibre optic and communications company and power distribution system automation. Mr. Kulchycki has participated on various working groups with the Electricity Distributors Association, advisory groups for Hydro One and currently sits on the Board of Directors for the Ontario Waterpower Association.

Executive Team | cont'd



Margaret Maw, Chief Financial Officer/Controller

Margaret handed over Chief Financial Officer responsibilities to Darren Bechtel on January 16, 2023. Margaret Maw is originally from Mississauga, relocating to Huntsville in 1989. She received her Honor's Bachelor of Science degree from the University of Toronto in 1983 and received her Certified General Accountant designation in 1997. Mrs. Maw started her finance career with Labatt's Ontario Breweries where she gained experience in costing and general accounting. She moved to Huntsville in 1989 for a position with Domtar Construction Materials. During her 15-year tenure with Domtar (now Panolam Industries), she held various positions in the Finance area, culminating in the position of Controller. Mrs. Maw was a member of the US mergers and acquisitions team, developing models and processes for due diligence, assisted in financing decisions and financial restructuring, ERP software implementation lead, streamlined business processes and implemented effective internal control procedures. In September of 2004, Mrs. Maw joined Lakeland Holding in the position of Chief Financial Officer where she has been the financial lead on \$45 M in generation upgrade projects, \$12 M in generation company acquisitions, \$2.0 M ISP acquisition as well as a three-company merger. She has sat on a number of working groups with the Ontario Energy Board including the Cost Allocation Advisory Team, 3rd Generation Incentive Regulation Mechanism group, Regulatory Filing Standards for Return on Equity, and International Financial Reporting Standards within Regulated Entities. Mrs. Maw is also a mentor with the Chartered Professional Accountants of Canada (CPA). Outside of work, Mrs. Maw volunteers her time with JDRE, Huntsville Hospice Board of Directors, Huntsville Breast Cancer Support group and The Terry Fox Foundation.

Darren Bechtel, Chief Financial Officer

Darren Bechtel was promoted to Chief Financial Officer on January 16, 2023. He was born and raised in Huntsville, received his Accounting degree from Wilfrid Laurier University and his MBA from Brock University with a specialty in Finance. Darren is a Chartered Professional Accountant and continues to be a mentor for upcoming CPA Ontario students. Prior to joining Lakeland in 2012, Darren was part of the audit department at BDO in Barrie where he worked with a diverse range of clients across Central Ontario. During his 10+ years at Lakeland, Darren has played an integral role assisting Lakeland with project expansions, regulatory reporting, financial restructuring and IFRS conversion. Darren continues to participate in several industry working groups including USF, CHEC and IVS.

Taylor Servos, People & Culture Officer

Taylor Servos received her Bachelor of Social Sciences from the University of Ottawa and her Certificate of Human Resources Management from Fleming College. Taylor's Human Resources career began in Ottawa with lululemon where Taylor was a part of the leadership team and became invested in people development, health & safety, goal setting, recruitment, succession planning, and building great culture. Taylor then became a Technical Recruitment Coordinator with Export Development Canada (A Crown Corporation) where she provided HR support for the Business Technology Solutions Team. Taylor specialized in recruiting senior consultants for transformational finance and technology projects within the organization and was the chair of several Work Force Planning Teams to ensure employees were properly allocated and business needs were being met. Taylor relocated to Huntsville in 2019 and joined Lakeland Holding Ltd. as a Human Resources Generalist and has since been promoted to HR Manager and again to People & Culture Officer. Taylor is an active member of the Human Resources Professionals Association and several HR committees. Taylor spends her down time with her husband who is a local Kinesiologist and her 2 rescue dogs.