

**FINANCIAL STATEMENTS OF
NEWMARKET HYDRO HOLDINGS
INC**

**December 31, 2019
(Unaudited - see Notice to Reader)**

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NOTICE TO READER

On the basis of information provided by the company, we have compiled the balance sheet of Newmarket Hydro Holdings Inc as at December 31, 2019 and the statement of income and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 20, 2020

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NEWMARKET HYDRO HOLDINGS INC

BALANCE SHEET

(Unaudited - see Notice to Reader)

As at December 31, 2019

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | \$ | \$ |
| ASSETS | | |
| Current assets | | |
| Cash | 477,399 | 340,760 |
| Accounts receivable | 236,654 | 593 |
| Income taxes receivable | 4,442 | - |
| Due from related party | 2,415,360 | 2,450,663 |
| | <u>3,133,855</u> | <u>2,792,016</u> |
| Property, plant and equipment | | |
| Land | 2,779 | 2,779 |
| Other assets | | |
| Investment in Ecobility Inc. | 172,547 | - |
| Investment in Newmarket-Tay Power Distribution Ltd. | 25,240,392 | 25,240,392 |
| Investment in Envi Networks Ltd. | 1,879,906 | 1,785,600 |
| | <u>27,292,845</u> | <u>27,025,992</u> |
| | <u>30,429,479</u> | <u>29,820,787</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 11,000 | 11,000 |
| Income taxes payable | - | 6,233 |
| | <u>11,000</u> | <u>17,233</u> |
| Shareholders' equity | | |
| Share capital | 29,609,342 | 29,609,342 |
| Retained earnings | 809,137 | 194,212 |
| | <u>30,418,479</u> | <u>29,803,554</u> |
| | <u>30,429,479</u> | <u>29,820,787</u> |

NEWMARKET HYDRO HOLDINGS INC
STATEMENT OF INCOME AND RETAINED EARNINGS
(Unaudited - see Notice to Reader)
For the year ended December 31, 2019

| | 2019 | 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue | | |
| Dividend income | 1,336,000 | 2,842,600 |
| Equity income from Ecobility | 520,947 | - |
| Interest income | 126,468 | 123,637 |
| Miscellaneous income | 8,483 | 97,151 |
| | <u>1,991,898</u> | <u>3,063,388</u> |
| Expenses | | |
| Administration | 17,415 | 11,018 |
| | <u>1,974,483</u> | <u>3,052,370</u> |
| Income before income taxes | | |
| | 1,974,483 | 3,052,370 |
| Income taxes | 23,558 | 31,433 |
| | <u>1,950,925</u> | <u>3,020,937</u> |
| Net income for the year | | |
| | 1,950,925 | 3,020,937 |
| Retained earnings (deficit) - beginning of year | 194,212 | (1,490,725) |
| | <u>2,145,137</u> | <u>1,530,212</u> |
| Dividends paid | (1,336,000) | (1,336,000) |
| Refundable dividend tax | (33,443) | (49,433) |
| Refundable dividend tax recovered | 33,443 | 49,433 |
| | <u>809,137</u> | <u>194,212</u> |
| Retained earnings - end of year | | |
| | <u>809,137</u> | <u>194,212</u> |