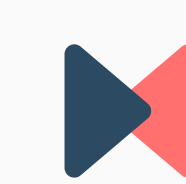


Nomination for Best Practices in Strategic Planning, Oversight and Value Creation by the Board

NOMINEE: ELIXIR TECHNOLOGY INC.

SUBMITTED BY: QIAN ZHANG (CO-FOUNDER AND DIRECTOR)



Submission Outline:

PART 1:

Background & Executive Summary

Demo video: Elixir Director Dashboard

Corporate video: The Manifesto of Elixir

PART 2:

Answers to Category Specific Questions

Part 1: Background & Executive Summary

On July 12, 2017, Elixir Technology Inc., a financial technology (fintech) company, was established in British Columbia, Canada with a headquarters in the city of Burnaby. Our company creates customizable trading software to automate portfolio managers' trading activities. We also utilize our trading software to engage in proprietary trading in the currency, commodity and government bonds markets.

My partner, William McNarland, and I have a Big Hairy Audacious Goal for Elixir:

“Creating income for everyday people by using technology to harvest volatility.”

We believe that taking the company public is the best way to achieve this goal, as the public market would allow investors of all sizes to earn dividend income by purchasing Elixir shares, as well as to participate in helping to support an organization focused on providing technology solutions for more effective personal value creation.

Since the company's inception, every action we've taken has been aimed at preparing Elixir for a public listing in three to five years (pending market conditions). While we've been focusing on fulfilling mandatory Exchange listing requirements, we recognize that we must also have a robust governance structure and practice in place long before we go public.

Although not required by the regulators, we wish to run our start-up private company as though it were a public company, to the extent that our resources allow.

We are voluntarily doing this for two reasons. First, we take investors' trust very seriously. We want to demonstrate to our investors that we are accountable – a goal we accomplish through transparent disclosure and the use of appropriate controls to manage risks. Second, we believe that doing things correctly from the start will simplify our listing process, thereby saving us substantial legal and audit costs.

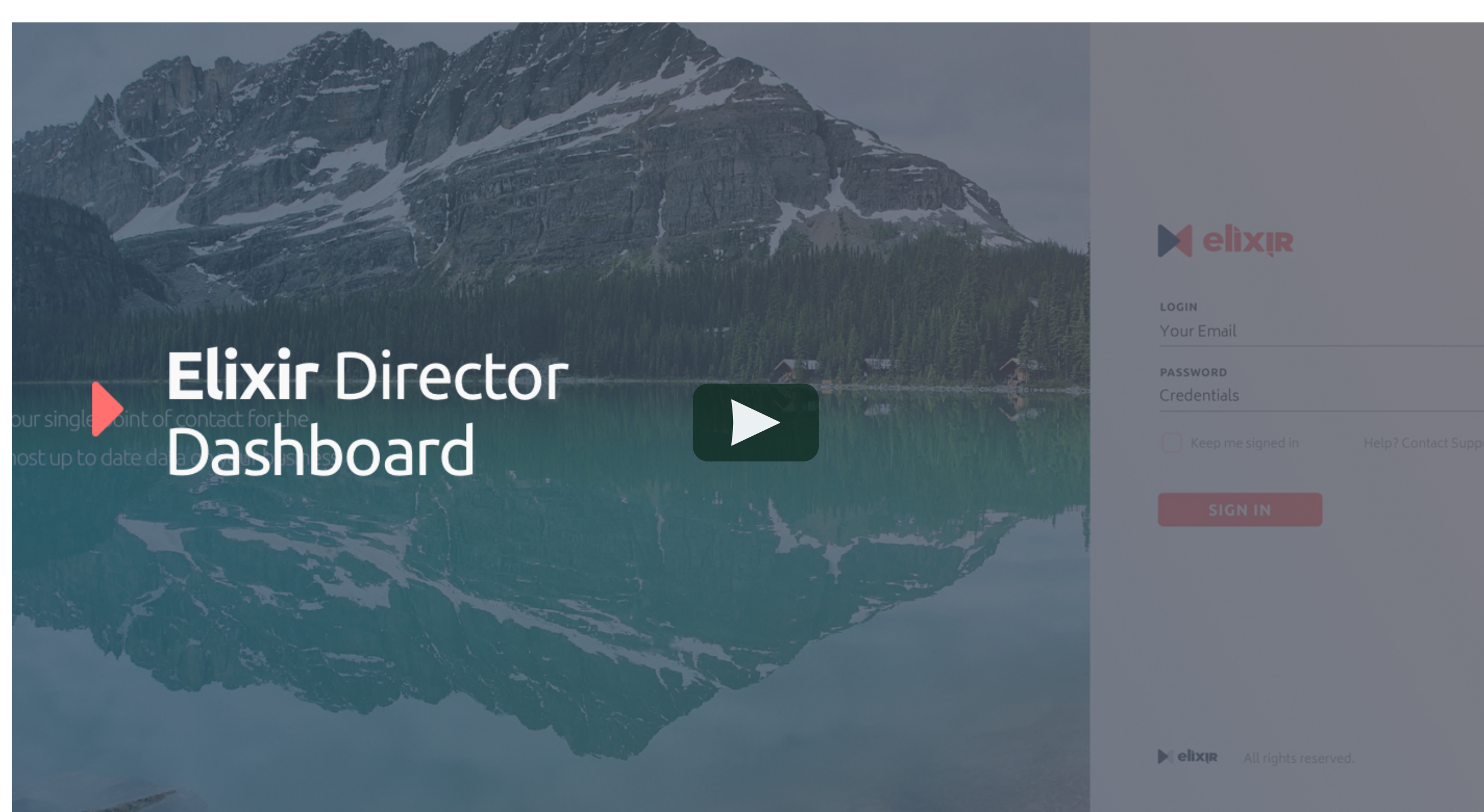
Being an executive director of Elixir, I gave myself the responsibility to set up the company's governance structure. As a startup, we have limited resources; therefore, it was in the shareholders' best interest for me to learn governance and to design a tailored plan for Elixir. With board approval, I enrolled in the 'GPC's Governance in Practice Program'; I was awarded the GPC.D designation in February of this year. The education I received was a valuable investment. I learnt that governance is not only about transparency and the need to set up proper controls; it is also about having the right processes, tools and culture to nurture/facilitate maximum board member effectiveness in strategic planning and oversight, as well as to create value for all stakeholders.

I brought my governance knowledge back to Elixir. During discussions among Elixir's chair and the other six board members (one independent), we realized that a delay in receiving information about the company's key metrics would be a material barrier preventing the Elixir board from effectively engaging in oversight and strategic planning.

To our knowledge, the current best practice is for public company directors to review quarterly financial statements so that the board can gain insight into the company's key metrics. We felt that, in our situation, this practice is not suitable for two reasons.

Perhaps large companies have other internal control structures to mitigate this risk, but we do not have the budget to pay for the extra structure. Second, because we are a fast-growing startup, our business evolves very quickly. For our board to properly assess the short- and long-term feasibility (return and risk) of a new proposal (and to do so in a timely manner), we required easy access to the company's most current financial and related operating data.

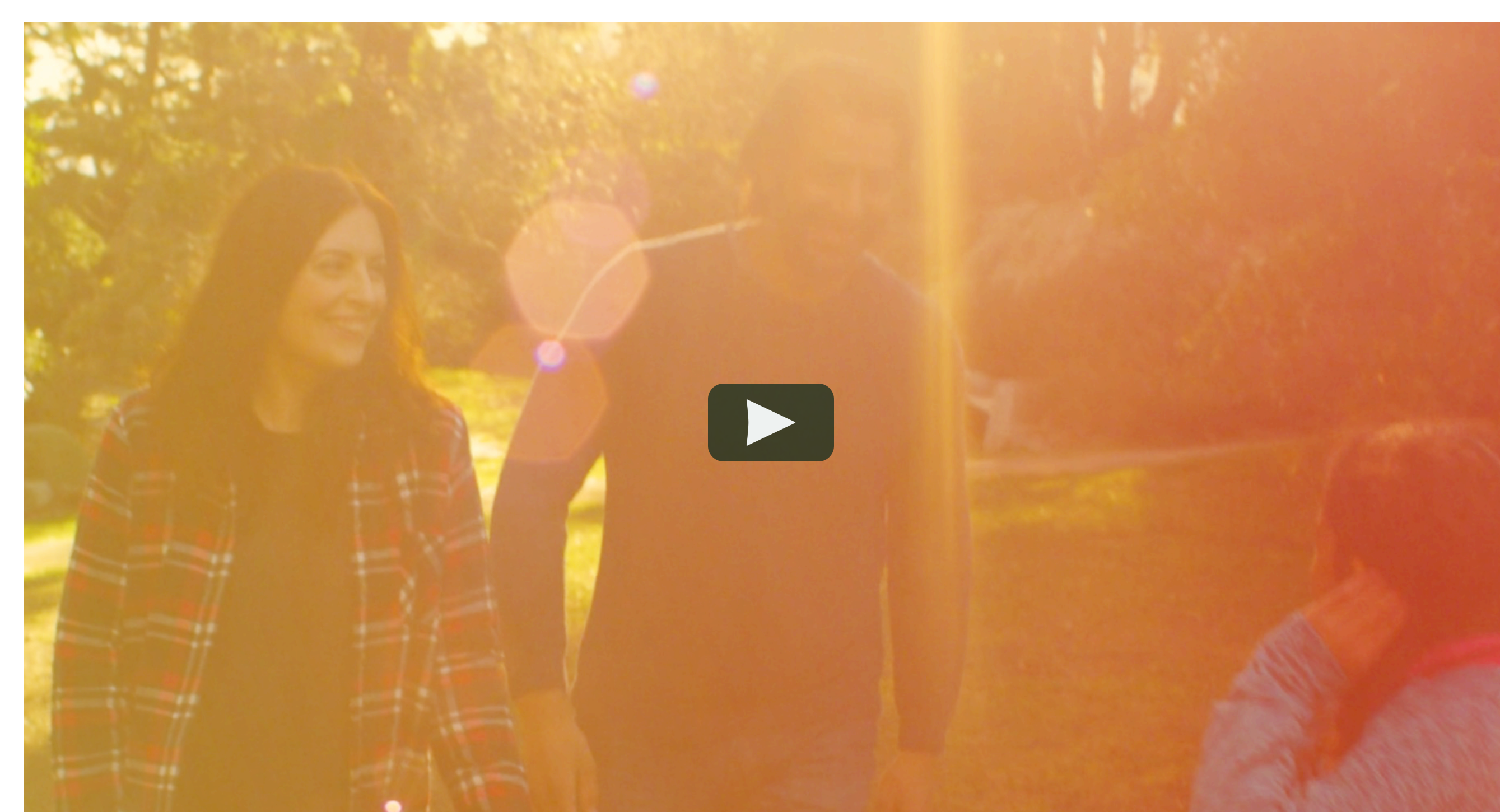
These unique governance needs necessitated a practical solution. Elixir is a technology company. We realized that we would benefit from the ability to automatically extract all our key metrics data and to place that data on a dashboard for quick and easy viewing.



DEMO VIDEO: ELIXIR DIRECTOR DASHBOARD

By early December 2018, this concept had become a reality. Three times a day, the Elixir Director Dashboard securely pulls the company's financial data from external sources such as our bank accounts, counterparties' accounts and internal spreadsheets. The dashboard includes real-time information about revenue, cash flow positions, capital raising activities, investment metrics and marketing efforts.

The Elixir Director Dashboard is encrypted and secured. It allows executive and non-executive board members to determine where we are in terms of achieving short-term targets while keeping an eye on risks and cash flow. The dashboard also enables our directors to protect stakeholders' interests with confidence and to consider best-value strategies for stakeholders based on the most current, relevant and accurate information.



CORPORATE VIDEO: THE MANIFESTO OF ELIXIR

Part 2: Answers to Category Specific Questions



How is the board involved in establishing and assessing the critical success factors for the organization?

Our goal is to be a profitable fintech company and pay a dividend to our investors when we go public in three to five years. During Elixir's first board meeting, the directors established this long-term strategic objective for the company and identified the critical success factors based on this objective. To ensure the achievement of this goal, the board provided guidance to the management team in focusing on the following four areas:

- ▶ To increase our balance sheet to Exchange listing required level;
- ▶ To increase the number of our shareholders to 150 to 200 with minimum dilution;
- ▶ To increase our earnings while lowering our costs and decreasing our risks;
- ▶ To always innovate and, through innovation, find new revenue opportunities and solutions for lowering risks and increasing productivity.



Data relating to these four "key focuses" are demonstrated and refreshed daily on the director's dashboard. All eight board members (two of whom are also on the executive management team) have their own secured log-in access to the Director's Dashboard. The board and executive management can keep track of progress and quickly identify areas for improvement.

This means our shareholders will experience much less dilution. Additionally, this income gives us time to promote our trading software in the market.

Every month, we publish our realized trading performance in the **investor's newsletter**. On the Director's Dashboard, this information is updated daily. After months of close monitoring of this key success factor by the board and management, we have recognized that we must make some changes to our value-creation strategy.

In short, our trading income is very dependent on market volatilities – the higher the volatility level, the higher our trading revenue. On a month-to-month basis, there seems to be a trend of a "short-high-volatile period" followed by a "long-low-volatile period".

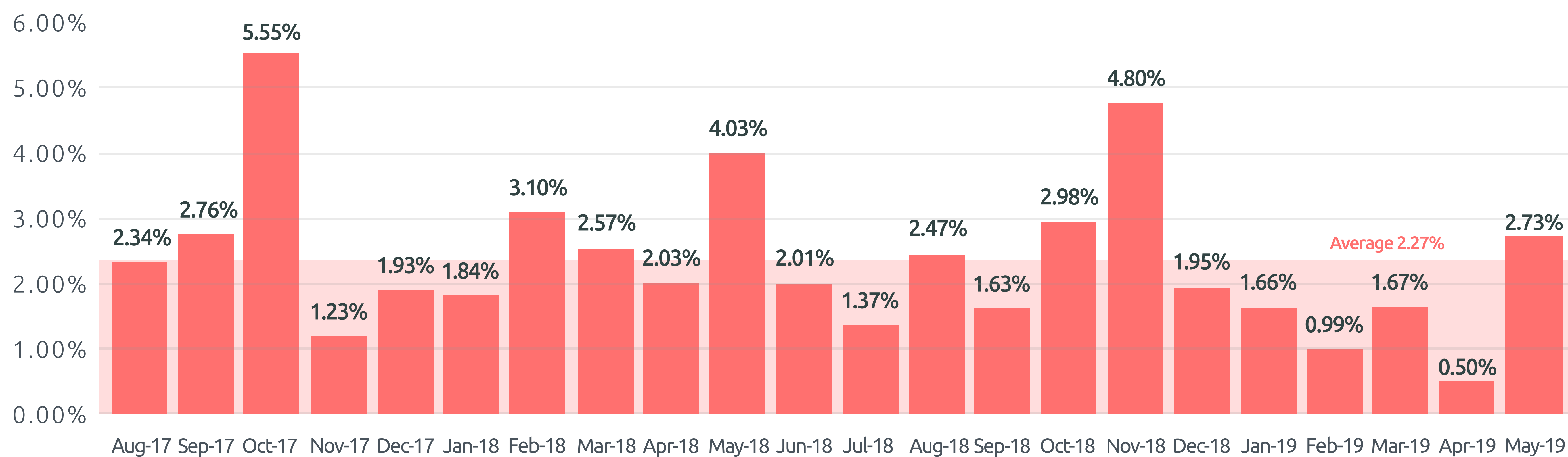
As a result, our trading revenue is not consistent every month (see chart below), though our cost is. To improve in this area, the board has given executive management the task of looking for new income opportunities to fill the income inconsistency gap. The awareness, understanding and input of the board to guide management wisely is a direct effect of the board having full and instant access of key metrics through the Director's Dashboard.



How does the board gain access to information relevant to value creation and strategy planning?

Following is an example that reveals how our board gains access to information relevant to value creation and the adjustment of our strategy. In a nutshell, we created software that automates trading activities. The best way to prove that our software is a worthy investment for traders and institutions is to use it ourselves, thereby building a track record. This is one of the reasons why we engage in proprietary trading ourselves. An additional material benefit for Elixir is the fact that our trading income supports our debt obligations and regular operating cost. Consequently, our capital requirement for equity is much lower than that of most other technology startups.

ELIXIR MONTHLY PROPRIETARY TRADING REVENUE AS A PERCENTAGE OF THE BONDS OUTSTANDING



The management proposal was quickly brought before the board. It included adding new strategies to our trading investment mandate and focusing on promoting the director dashboard as a marketable software-as-a-service product. Management has identified the fact that because our trading software serves a niche market, it will take a longer time to penetrate; meanwhile, our dashboard for directors may experience much wider market demand.

While most of the proposal was approved as presented, the board had some reservations about certain investment strategies. It agreed to a very small capital allocation to build a track record for further assessment. The entire circle – from identifying the issues at the board/management level, to adjusting our strategy and providing guidance to management, to approval and having management start executing – took less than two months. The fact that our board and management can quickly adjust and execute strategy stems largely from the fact that our board members have access to relevant, up-to-date information that allows them to swiftly make decisions.

3

How does the board effectively assess organizational performance?

At Elixir, everything relating to organizational performance is measured and tracked daily through our Director's Dashboard. Data relating to financial performance – including profits, return on assets, return on investment, etc. – are listed. Information about product market performance, such as sales revenue, newsletter/deck subscriptions, leads and prospects, is tracked too, as are shareholder-related metrics. These are displayed in real time.



How does the board assess whether the enterprise has the right leadership to develop and lead the execution of strategy?

When the company was incorporated in 2017, the board consisted of two members: the two co-founders. We quickly invited six like-minded shareholders to join the board. Each of these six board members has a skillset/background in capital raising, which very much aligned with Elixir's needs at the time. During the recruiting process, we had a long philosophical conversation with each candidate. Every onboard director understood that leadership in capital raising was the key element of our strategic execution at the time of their joining; they also knew that, as the company grew and geared towards public listing, we would require other skills/backgrounds to lead the company. Some, or perhaps all, current board members will be replaced in due time.

During our November 2018 board meeting, the board discussed our progress towards public listing. To remain on track with respect to achieving our long-term goal, we must start running Elixir like a public company in 2019. This includes having quarterly financial reviews, conducting our first audit of 2019 financials, implementing a best-practice governance structure, and strengthening risk assessment and plans for mitigation. With that in mind, the board formally initiated the director recruitment process, seeking new leadership in accounting/auditing, legal/governance and risk assessment. As a result, three candidates – a practicing lawyer with expertise in governance, a seasoned actuary with a strong background in assessing investment risks and a certified fraud examiner with proficiency in accounting – were nominated during the subsequent board meeting in February 2019.



With three voluntary departures, the new board was approved as presented during the shareholders AGM on April 2, 2019. The three new leaders on the board are expected to lead and oversee execution in their respective fields.

One highlight worth mentioning is that our director dashboard played an instrumental role in convincing sophisticated leaders to join the board. This is particularly true with our independent director, Janis Riven. Janis agreed to be on the board because she feels that our company is transparent and methodical with its approach to business. The ability to receive daily updates on the company's key success metrics through our director dashboard instilled in her a sense of confidence that joining our board was the right decision.

In terms of future recruitment for the board, we realize that we will require leadership in the field of cyber securities and investment banking for IPO.

5

How is the desired culture established, reinforced and supported? How does the board oversee the organization's performance in this area?

Because Elixir is a for-profit organization, our primary responsibility is to preserve and potentially increase shareholders' monetary value during the coming economic downturn. Naturally, Elixir has a strong culture of measuring and monitoring progress in profitability, costs and risks. The board plays an active role in overseeing this culture through our Dashboard and keeps executive management accountable for progress.

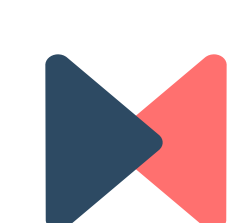
In addition to the fact that our primary responsibility frames our culture, we are keen to share our financial knowledge with the world, encouraging diversity and a small carbon footprint while contributing to the local economy. We established these intangible cultural elements at the board level and carry them out as our resources allow.

For example, through our monthly newsletter and daily thought on LinkedIn, we share our market observations to help investors understand our dynamic and changing market. To demonstrate our efforts with respect to diversity, our board consists of an even split of men and women, and its members are of four different ethnic backgrounds. To reduce our carbon footprint, we use a shared office that is within walking/biking distance for all our staff. To promote local businesses, we hire local vendors to provide vegan lunches for all our staff members; we also hired a local startup marketing firm to work on our marketing materials. All our staff members are Burnaby locals. This was not intentional; however, after we searched the globe for the best talent, we realized that our outstanding candidates were all within 5km of our head office.

6

How does the organization's approach to compensation support value creation?

This is one area that our new board has on its agenda to create a formal strategy. Our 2019 board is sophisticated enough to create sub-committees, one of which will be an HR/compensation committee. One of our board members has informally agreed to take on leadership of this area. He is learning our current practice and expectations from executive management and staff and will bring his formal recommendation to the board at the Q2 board meeting. We will structure our compensation plan around value creation. Compensation will consist of a base salary and company options as a bonus. Performance will be evaluated both quantitatively and qualitatively.



elixir



Elixir Technology Inc.

#201 - 4501 KINGSWAY,
BURNABY, BC, CANADA
V5H0E5



ELIXIROFTECHNOLOGY.COM