



Transforming the Future of Energy. Today.





Corporate Philosophy

Our Mission

Essex Power Corporation is a dynamic energy company that provides safe, reliable, and economical energy supply and services to our customers. Our commitment to innovation, performance management, and leading by example has built the foundation at Essex Power and our affiliates to establish a diverse set of energy products and services that are valued by our customers.

At Essex Power, Your Power is Our Priority.

Our Vision

Essex Power Corporation's vision is to be an Energy Provider that utilizes "best in class" people, processes, and technology to lead the marketplace in sustainable energy solutions. Our customers will receive the greatest value by integrating an economic and environmental balance to the products and services we will deliver to them. As an Energy Provider, we will be a community leader in ensuring that environmental stewardship is a vital component of our services to increase customer awareness of proper energy utilization and management.

If you have questions regarding the content of this annual report please contact us at info@essexpower.ca



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Board Chair & CEO

Executive Summary

2022 was a complex year as the world, industry and EPC began a transition back to 'normal.' While fortunate the pandemic has subsided, its effects will remain for years. Supply chain issues, access to qualified labour, the "great resignation", inflation and technological disruption have all changed how businesses operate. Layer in extreme weather and decarbonization efforts, the utility industry is further complicated.

The Essex Power Group continued to transform and was able to address the above and also challenges faced by LDCs in 2022 and to provide a new framework for its continued growth and effective regulation. It focuses on improving operational efficiency, expanding product offerings, and strengthening relationships with stakeholders to maintain a competitive edge in the market. The ultimate goal is to meet the evolving needs of the industry while ensuring compliance with regulations and maintaining high standards of quality and service.

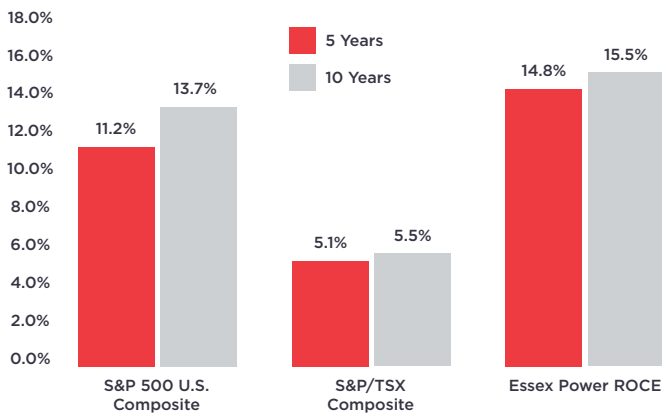
The focus on transforming Essex Powerlines (EPL) from a 'poles and wires' company to an Energy Management Services provider will lead energy transformation in Ontario and beyond. With the award of the joint IESO/OEB Grid Innovation Fund, EPL sits at the centre of change for where the industry needs to go by enabling a multi-directional flow of electrons and meeting the enhanced expectations of customers and stakeholders.

PowerShare officially launched in March 2022. This Distribution System Operator (DSO) model is focused on maximizing the benefits of existing assets through optimizing their use through data analytics and modelling in order to allow Distributed Energy Resources (DERs) to be connected to the distribution system. This is analogous to the Uber of Energy... taking an asset that typically sits idle and extend its benefit for the greater good... in Uber's case, using a vehicle that would normally sit idle and provide additional transportation capacity to a region. The asset owner takes a standard vehicle cost and turns it into revenue and the rider gets extreme convenience and enhance rider experience for a fair price.

Thanks to Essex Power's robust financial performance in 2022, we were able to simultaneously reinvest in our infrastructure and deliver a fair and equitable return to our valued Shareholders through dividends.. Our 5 and 10 year average returns on common equity beat the two S&P referenced market returns. The overall year 2022 corporate return on common equity was 13.8% which is close to the past five-year average return of 14.8%. Following a four-year stable dividend pattern, Essex Power declared a larger \$1,827,709 common share dividend for year 2022 and plans to continue increasing the common share dividends annually. Over the past five years, Essex Power's consistent dividend payouts have provided our Shareholders with the means to invest in local initiatives and sustainable communities. Essex

Essex Power Performance Report

Average Annual Return on Common Equity

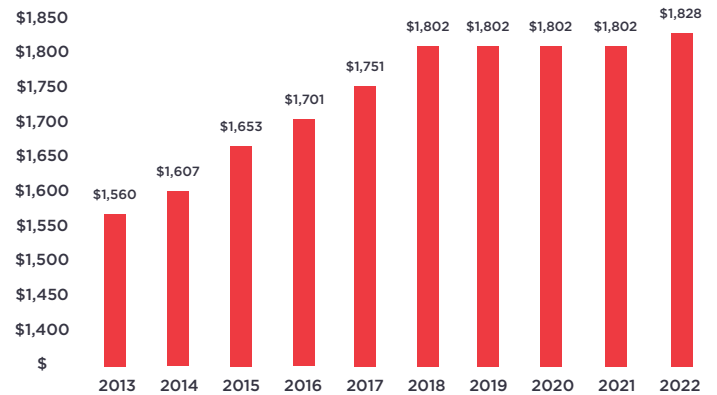


Power remains dedicated to upholding the highest standards in serving our Shareholders' communities, with unwavering commitment at every level of our organization. This commitment is evident in our Board's guidance and support, our Executives' strong leadership, and the hard work, dedication, and expertise of our staff. By being a trusted and local service provider, forging valuable relationships with our customers, and fostering strong partnerships with each of our Shareholders, Essex Power is poised to embrace the exciting changes in the electricity market and confidently expand into the future.

We continue to focus on supporting our communities and stay thankful for the ability to contribute back where we can. The current economy continues to affect families, businesses and our ability to support local groups, schools and communities is key to our social principles. We must continue to hold these principles central to our decision-making criteria.

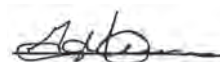
EPC Annual Dividends Declared

Thousands



Essex Power and The Three Fires Group have created a unique partnership, working together to provide regional energy solutions that are guided by principals of stewardship for the land, air and water. This partnership will benefit both organizations and establish a model for collaboration with First Nations communities. Not only will 2023 be a year of partnerships, but it will be the year for transforming the future of energy, TODAY!




Gary McNamara
 CHAIR,
 Essex Power Corporation




John Avdoules
 PRESIDENT & C.E.O.,
 Essex Power Corporation



Essex Powerlines 2022 Highlights

As part of Essex Powerlines' customer service road map to modernize the customer experience, a new phone system was deployed in 2022, this solution enhances the customer experience, increases workplace flexibility and assists with regulatory reporting. The organization recognizing the need to change customer communications preferences.

The new phone system provided the opportunity to re-examine, simplify and streamline the call menu customers follow before being directed to a live local Customer Service Representative (CSR). The system includes a built-in Interactive Voice Response component, allowing for recording and automatically sending messages about planned outages to affected customers. In an effort to gain instant feedback on the customers' experience with employees, automated surveys have been added to the end of phone calls.

To meet consumer communication preferences, online chat is an additional avenue for customers to contact Customer Service. Online chat is available 24/7 and is located on every page on the company's website (www.essexpowerlines.ca). During office hours, Artificial Intelligence (AI) technology is embedded in, transferring the customer to a live CSR. After hours, the AI feature is available, asking users pre populated questions in hopes to provide them with the information they are looking for.

The team's roll-out strategy made for a successful launch with zero interruptions to customer service delivery.

This customer service initiative was recognized by **The Electrical Distributor Association** and Essex Powerlines was awarded the **Customer Service Excellence Award 2022**.



 Essex Powerlines Customer Service representatives



 The Essex Power team accepting the Customer Service Excellence Award.



Essex Powerlines, Power Line Person working onsite in LaSalle, ON.



Sutton, G. from St. Pius X School, winner of the Go Green: School Edition campaign.

In spring 2022, two new paperless billing campaigns were offered to customers. **Go Green: School Edition** invited youths to show how they reduce their carbon footprint for a chance to win \$1,000. The winner of this contest was **Sutton G.** from **St. Pius School Elementary School** in Tecumseh. His video submission displayed his many efforts on how he reduces his carbon footprint. Sutton's school council received the \$1,000.

For our fall campaign, **Go Paperless For Pajamas**, Essex Powerlines teamed up with local non-profit **Lola's Pajama Fairy Project**. This group, run by a compassionate young girl named Lola and her family, annually collects pajamas and donates them to local charities during the holiday season. For every sign up for paperless billing, Lola's Pajama Fairy Project received a pair of pajamas. Thanks to our customers who signed up for paperless during this time, 326 pairs of pajamas were donated to our community!



Innovation

PowerShare

Officially kicked off in March 2022, Essex Powerlines has put the plan into motion, and is building a new real-time local electricity market in Leamington, Ontario.

Benefits

- » Utilize customers energy assets
- » Reduce GHG emissions
- » Support local and provincial grid reliability
- » Boost efficacy of existing assets & infrastructure

For more information visit:

www.powershare.energy

Growth within our Service Territory



753

Residential Connections



8

Commercial Connections



3

Generation (Solar)



Lola, from Lola's Pajama Fairy Project receiving 326 pairs of pajamas from the Essex Powerlines team.



Essex Energy 2022 Highlights

As Canada aims to achieve aggressive climate change goals in coming years, such as a net-zero grid by 2035 and a net-zero society by 2050, Essex Energy Corporation's ("EEC") business development activity remains strong and focused on emerging trends as a means to grow. As such, we've pushed hard to leverage North America's emerging trend of Distributed Energy Resources ("DER") in 2022. What a year, and what a bright future!

"DER" has become a popular acronym in the electricity sector, representing a term that refers to a collection of resources seeking to connect to the grid, and that are capable of providing a wide range of value to consumers, prosumers, and transumers. Solar PV, energy storage, electric vehicles, combined heat and power facilities, wind turbines, waste to energy facilities, and hydrogen fueled generators are all examples of DERs. EEC's solar PV pipeline of contracted design-build commitments, alone, was a major contributor to

2022's resounding success, and will support even further growth in 2023.

Another area of significant growth related to DERs is the launch of EEC's Electric Vehicle ("EV") infrastructure design-build business. It was a significant top line contributor in 2022, and promises to be a sustainable contributor in coming years. This business is complimented by the company's leadership in the Zero Emissions Vehicle Infrastructure Program ("ZEVIP") that is sponsored by Natural Resources Canada ("NRCan") and that EEC is successfully deploying as a means to award **\$5,000,000** in funding to many recipients in its shareholder communities and the Essex region as a whole. ZEVIP will be a continued focus in 2023/24 as the program runs its course.

EV Week was celebrated in Tecumseh, ON where media joined to hear all about the success of ZEVIP.

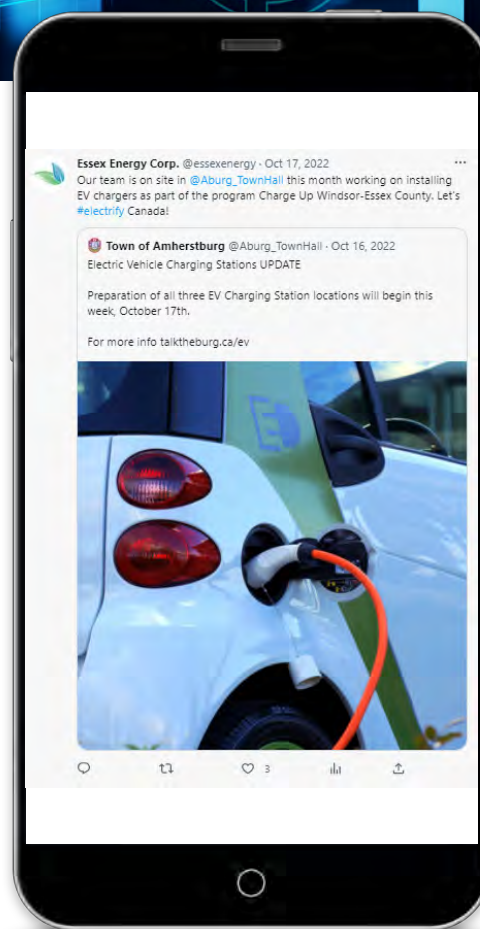




Electricity supply in the Windsor-Essex Region has become a major focus where economic development is concerned. While it doesn't always, necessarily, show on the company's financial statements, the local community can rest assured that EEC is pushing hard, with a loud voice at the provincial level, for the IESO, OEB, Hydro One, and the Ministry of Energy to collaborate innovatively to ensure the region has short, medium, and long term solutions to its rapidly increasing electricity demand.

One example of this is EEC's participation in the Distributor System Operator ("DSO") project, called PowerShare, that Essex Powerlines is deploying in partnership with the IESO and OEB over the next three years. This project has the potential to change the way Local Distribution Companies ("LDC") operate, and enable them to take advantage of DERs in their service territories to relieve – or at least lessen – the capital resources required to keep up with the electrification of society.

As a result of the PowerShare project, EEC is planning to make its first investment in a Battery Energy Storage System ("BESS") – again, leveraging DERs to grow and evolve the company's capital investment strategy, while also offering one of Essex Power's shareholder the opportunity to save operational expense through efficient and innovative use of the BESS.



In order to adapt to the evolving nature (and volume) of the work EEC performs, and in order to de-risk succession planning more broadly, the company will add engineering and financial resources to its highly talented workforce in 2023. Constant and careful investment in human resources will be key to EEC's future in a sector that is rapidly changing!

Utilismart 2022 Highlights

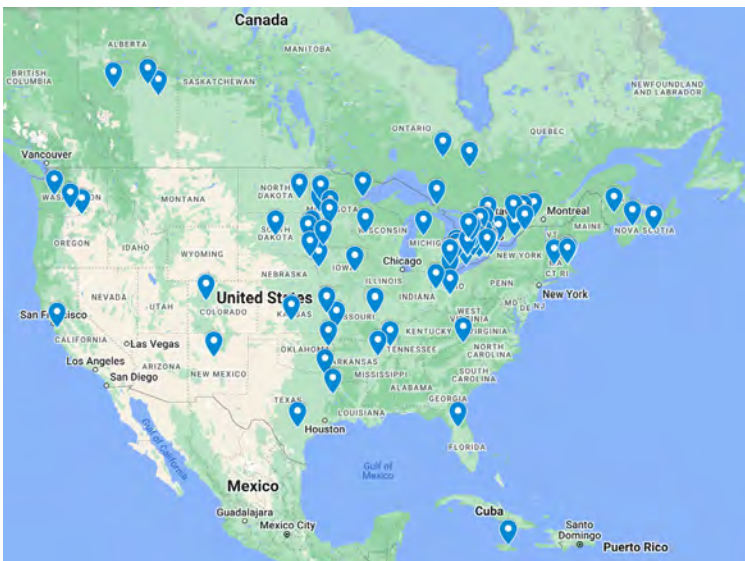
The theme of “Building for the Future” means many things to a company like Utilismart Corporation. It means investing in new (and existing) products / services and building internal tools and efficiencies required to support them. It means developing the human resources and organizational structure necessary to execute at the next level. And, it means building partnerships with other world class service providers to expand our reach.

Utilismart had a record year for top line sales in 2022. It’s a proud achievement, but we’re just getting started! While sharply focused on executing sales through internal resources, channel partners, consultants, RFPs, digital marketing, and customer referrals, Utilismart will continue to accelerate its organic growth in both the US and Canadian markets. Continuing the growth trend in the

US market, in particular, will be key to the company’s success as it represents almost **3000 utilities** that are candidates for the services we offer. Digital transformation is here to stay, and Utilismart has a significant role to play in the sector!

More broadly speaking, governments around the world have been keen to embrace climate change goals, many of which intersect with the energy sector and impact our customers. Utilities are being challenged with a wide range of obligations that include:

- »» Distributed Energy Resources (“DER”) integration – or at least visibility to start
- »» Electrification of transportation and other sectors – Like real estate!
- »» New consumer, prosumer, transumer trends (ex. Green Button)
- »» Regulatory burden across all departments



«« Snapshot of Utilismart Customers



Utilismart exhibiting at DistribuTech 2022.



Deriving maximum value from their data has never been more important for utilities that wish to succeed in the future. Hence, it is essential for utilities to transform digitally. Enter Utilismart... Our purpose is to help our customers mitigate risk and Build for the Future. Our ever-evolving cloud-based software and data solutions accomplish this!

Internally, having mitigated significant risk related to the company's product-related Intellectual Property through the launch of a new product department in 2022, Utilismart will continue to realize deeper efficiencies in product development cycles in 2023. Also, risk related to cyber security and our IT infrastructure will always remain a top priority as the company achieved ISO 27001 recertification in Q1.

Finally, back at the corporate offices, the workplace impacts of the global pandemic began to decline by the end of 2022. This has enabled Utilismart to settle into more regimented scheduling of employees' time. In Q4 of 2022, a final version of the company's remote work policy was issued forming the cornerstone of a new "hybrid" arrangement for office attendance intended to produce win-win-win (employee-employer-customer) results going forward. Navigating through over two years of pandemic disruption has been difficult to say the least. Our employees at all levels have overcome the challenges with great success!



Proceeds from the Utilismart Golf Classic donated to CMHA Thames Valley.



Annual Utilismart Golf Classic 2022



WattsWorth 2022 Highlights

In 2022, WattsWorth Analysis Inc. (“WW”) invested considerable time and effort in a submission to the Ontario Education Collaborative Marketplace (“OECM”) in response to their Request for Proposals for energy management services. OECM is a not-for-profit procurement firm that services the public sector in Ontario – primarily the School Boards. The scope of WW’s submission covered regular electricity consulting services for **56 School Boards** representing **4,999 schools** across the province. Subsequently, WW was named one of three winners of the RFP, leading to an intense marketing campaign, targeting all Ontario school boards, with the goal of attracting a completely new segment to WW’s customer base. A big win with great potential! After launching a software application call “WattsWorth

Energy Portal” or “WWEP” in 2021 as a beta version to a small sample of existing municipal customers, WW spent much of 2022 converting the beta product to a fully functioning cloud-based application available to the broader market. Initial feedback regarding WWEP has been positive as the company launched a demo campaign targeting new prospects. In Q4 of 2022, the offering attracted its first customer! 2023 will focus on marketing and selling the WWEP (leveraging our reference customer) as well as adding functionality that was highlighted as a need by users – namely 507/18 regulatory reporting support. Reg 507/18 mandates that municipal entities must report annually on Greenhouse Gas (“GHG”) emissions on a ‘per square foot’ basis for all corporate facilities. 507/18 reporting is challenged by resource constraints for many municipalities, and as such this will become a marketing theme for the product in 2023.

WattsWorth’s **40+ customers** that include municipalities, large electricity consumers, and generators have expressed great gratitude to the company for consistently providing top grade services, without interruption, throughout the entire global pandemic. **Congrats to WattsWorth employees!**



Global Reporting Initiative

The Global Reporting Initiative (GRI) is an internationally recognized standardized framework for disclosing an organization’s environmental, social and economic performance. The GRI is a commonly used tool that many organizations in Ontario, Canada, as well as around the world use. For Essex Power’s report, please visit www.essexpower.ca

About GRI

EPC’s report focuses on its operations, which leads to the process of defining the report content and topic boundaries. The organization used past reports and meetings between employees to define the report content. Material topics were decided on by a team who consulted previous reports, current company documents and operations, and future trends.

Essex Power Corporation has reported in accordance with the Core option, and therefore reported on the required disclosures from GRI 102.

Report Scope and Boundaries

Our regulated electricity distribution company, Essex Powerlines, is accountable for providing a safe, reliable and cost-effective supply of electricity to the municipalities of all our stakeholders and communities. The scope of this report and GRI submission includes all of the Essex Power Group of Companies.

To measure our success and progress in sustainability, we have defined key areas that we see are of great importance to achieving success. Essex Power has made sustainability a core foundation for all decision-making and has initiated best practices for managing operational and environmental risk. The GRI report analyzes and measures Essex Power’s performance within the three pillars of sustainability.

Environmental stewardship is evaluated by our success in energy conservation, renewable energy investment, and environmental risk mitigation of our operations.

Social responsibility is evaluated by how we ensure the safety and wellness of people including our employees, our contractors, and our communities. We are committed to providing a safe and respectful workplace where employees are highly valued, treated fairly, provided with challenging and meaningful work, and benefit from opportunities for knowledge growth and career development.

How it works

How we measure our success and progress



2022 Social Performance

Community engagement and philanthropic support remained at the heart of Essex Power’s corporate philosophy in 2022; corporations have a responsibility to invest in economic, social and environmental well being of their neighbours. Essex Power continued to support our communities through various charitable donations and employee involvement.

2022 Wellness Initiatives



Rock your Socks

Chasing Hazel Foundation Donation (March)



Random Act of Kindness

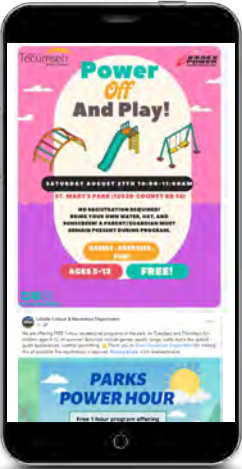
Donation to Humane Society (February)

\$500

Bursary Program

awarded to a Grade 12 graduating student. The recipient is pursuing post secondary education in the areas of study that build and support our industry for example Powerline Technician and the many STEM avenues of study. Eight students were recipients.

\$40,000



EPC Youth in Community Fund, 9th consecutive year: \$10,000 to Amherstburg, Leamington, Lasalle, and Tecumseh to be used towards youth-oriented programming and initiatives.

\$5000

Provided \$5,000 in in-kind services to each of our municipal Shareholders.





Sponsored local families this holiday season through **Windsor-Essex Children's Aid Society, Adopt A Family Program**

Sponsored **local organizations** and **charities** through community events



\$4000

Donated to local food banks.



Amherstburg Food and Fellowship Mission



Tecumseh Goodfellows



Leamington Salvation Army



St. Andrew's LaSalle Food Bank



Bring your Child to Work Day

Participated in the Co-operative education programs and **Windsor-Essex Career Apprenticeship Program (WECAP)**





2022 Fast Facts

 **85%**
Public Safety
Awareness
Index Score

86% Overall
Satisfaction

77% Quality of
Service

84% Quality of
Customer
Service



 **34,286**
Total Customers

6,289
Poles 

 **117**
New Service
Installed

 **1,139**
Overhead Transformers

 **1,942**
Underground Transformers

Total Electricity
Consumed

272,588,249 kWh
Residential

251,490,393 kWh
Commercial & Industrial

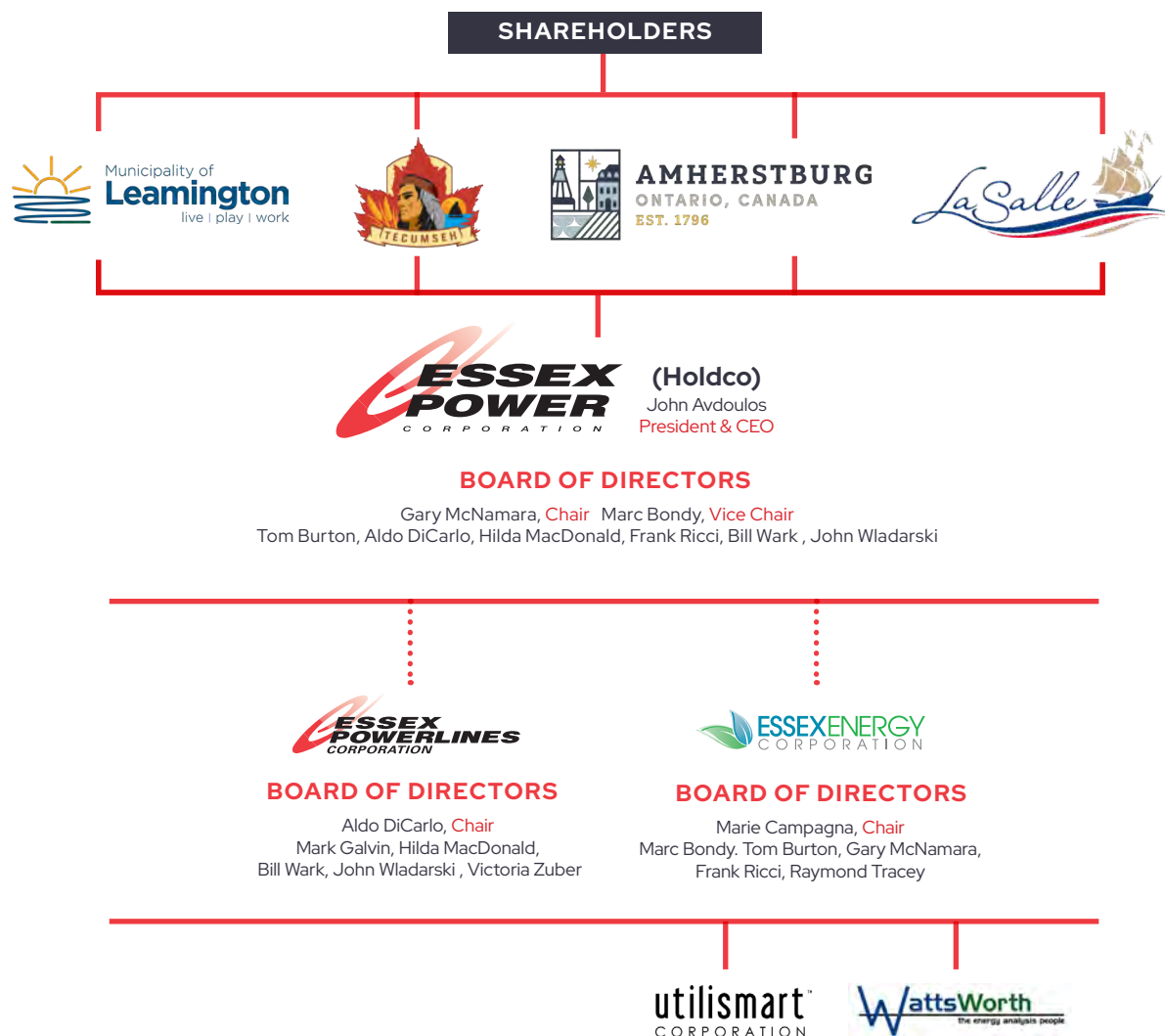
 **25** Fleet
Vehicles

 **180** km Primary
Overhead Lines
427 km Secondary
Overhead Lines

279km Primary Underground Cable **743km** Secondary Underground Cable

Corporate Structure

Committed to strong corporate governance and accountability, the Board of Directors brings a depth of experience to governing **Essex Power Corporation** in the best interests of customers and the community.





Essex Power Corporation is a dynamic energy company that provides safe, reliable and economical energy supply and services to our customers. Our commitment to innovation, performance management and leading by example has built the foundation for Essex Power and our affiliates to establish a diverse set of energy products and services that are valued by our customers.



Essex Energy Corporation is a dynamic energy company that focuses on implementing a wide range of energy related initiatives, including but not limited to, solar PV projects, site feasibility assessments, and full turnkey solar PV solutions. With almost 20 years of experience in the energy market, EEC has grown its success and has exceeded boundaries in Ontario by developing its in-house expertise and Distributed Energy Resources portfolio of assets and services, as well as its engineering and consulting services. As a leading energy technology company, EEC has been called on to assist both nascent and established solar PV developers in the completion, connection, monitoring, and maintenance of their solar PV projects, and to date, manages over 100MW of distributed generation equipment. EEC provides streetlight maintenance services to our shareholder communities and is registered with the IESO as a Metering Service Provider currently maintaining a total of 23 wholesale metering installations.



Essex Powerlines Corporation, a regulated company, provides safe, reliable and economical electrical distribution and service to over 34,000 residents and businesses in Amherstburg, LaSalle, Leamington, and Tecumseh. The foundation to empower our corporate vision is based on a dynamic and progressive workforce that will be industry leaders in providing “best in class” business solutions in the delivery of service to our customers.



Since 2002, **Utilismart** has been the industry leader in providing settlement services to utilities throughout Ontario. Our services are built on industry expertise and an in-depth understanding of both the settlement processes in the marketplace and the needs of the customer. Our hosted solutions offer customers an economical, efficient settlement service that has built-in reporting and analysis tools. Our knowledge in this area allows for seamless integration into CIS, Financial, and other customer systems requiring settlement data.



As a Canadian company based in Ontario, **WattsWorth** offers a variety of energy management services to participants in the Ontario market. Our clients include large industrial/commercial companies, electric utilities, electricity generators and municipalities. WattsWorth has over 1-billion kWh consumed annually. In addition to technical expertise and a highly specialized and robust infrastructure, WattsWorth makes a commitment to listen to our clients’ requirements and tailor solutions that respect their objectives. WattsWorth has a business manner that reflects high standards of professionalism, attention to detail, and a logical approach to problem solving.



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