



SJW Group

ANNUAL REPORT

2022

Serving, Protecting, and Delivering
Quality Water and Reliable Service



Dear Stockholder,

As SJW Group navigated the global pandemic and its ripple effects, two things became very clear: the resolve of our 750-plus dedicated water professionals, and the resilience of our water and wastewater systems. After successfully navigating the myriad of unprecedented health, economic, and social challenges the world has faced since the start of the pandemic, I am proud to report that 2022 has emerged as a year of renewal and strength. Our talented team entered 2022 with a refreshed energy and passion for our life-sustaining mission to reliably deliver essential, high-quality water to customers across the communities we serve. This renewed commitment underlies the milestones we achieved across our state operations.

- We built an award-winning resource center for sustainable infrastructure — the Saco River Drinking Water Resource Center in Biddeford, Maine. This \$60 million resource center filters and treats drinking water for more than 32,000 people in southern Maine, replacing a water treatment plant that went online in 1884. This was the first project of its kind in New England to be recognized with a prestigious Silver Envision Award from the Institute for Sustainable Infrastructure. More than 250 acres around the facility are being protected as open space.
- We achieved a constructive General Rate Case settlement agreement in California — with positive results for both San Jose Water and our customers. This agreement allows us to continue to invest in our water system, aggressively promote water conservation, and address weather-related water supply mix issues that adversely impacted our financial results in 2020 and 2021.
- We continued to experience accelerated growth in Texas, where our operations serve three out of five of the fastest-growing counties in the nation. In January 2023, our Texas operation, which has quadrupled in size over the past 15 years, announced that it had

entered into an agreement to acquire a local operator that would add more than 550 customers and a 50% increase in the total available system-wide water supply for current customer needs and future growth.

- In Connecticut, we were awarded a prestigious construction safety award from the Connecticut Construction Industries Association — for the 19th consecutive year. An achievement that reflects the deep commitment of our leaders and employees to make sure that at the end of the day our people safely return to their family and friends.

In 2022, we also invested \$219 million in drinking water and wastewater infrastructure, knowing that thoughtful and consistent capital expenditures are necessary to ensure clean drinking water, reliable service, and a healthy, natural environment. About two-thirds of that investment has been or will be recovered through forward-looking rate-making or distribution surcharge mechanisms. Over the next five years, SJW Group is planning to invest about \$1.4 billion in drinking water and wastewater infrastructure, pending regulatory approval.

We value the trust placed in us by our shareholders and will continue to execute against our proven long-term growth strategy of investing in drinking water and wastewater infrastructure, pursuing opportunistic and accretive acquisitions, and fostering constructive regulatory environments while seeking timely rate recovery. Despite continuing headwinds in 2022, we delivered a total of 13.4% return to shareholders, based on the strength of a 10.9% year-over-year appreciation in our stock price coupled with a 5.9% increase in our annual cash dividend. In January 2023, our board raised the annual dividend by an additional 5.6%. We have now raised our annual dividend for 55 consecutive years.

Continuing in the spirit of renewal, 2022 also marked our reinforced commitment to serving as a leader across environmental, social, and governance issues, as well as an advocate for our employees, customers, and communities. Some highlights from 2022 include:

- Our local utility operations received awards for excellence in supplier diversity, being a top workplace, and customer communications.
- We received nearly \$10 million in state and federal assistance to help customers in need, in addition to the existing programs we provide to ensure access and affordability for all in our service areas.
- We continue to make steady progress toward developing a meaningful measurement system based on our goal of reducing greenhouse gas (GHG) emissions by 50% by 2030 (compared to 2019).

Our company's roots in water service go back more than 160 years. While the times and technology have evolved, we are more than ever an organization of dedicated people, passionate about delivering life-sustaining, high-quality water and exceptional service, while protecting the environment, enhancing our communities, and providing value and a fair return to shareholders.

I'd like to thank our recently retired leaders.

Maureen Westbrook, one of our culture carriers, retired at the end of December 2022 after a distinguished 34-year career at the company. Maureen's contributions are many and her groundbreaking career in the industry as president of Connecticut Water Service since 2019 — the first woman to hold this role at Connecticut Water — has paved the way for a more diverse and inclusive workforce.

Rick Knowlton retired as president of Maine Water in June 2022 after a 29-year career. Wendy Avila Walker retired as vice president of finance, assistant treasurer, and controller in March 2023 after a 17-year career at SJW Group. We thank both Rick and Wendy for their leadership and considerable contributions to our success.

It is with deep appreciation and respect that SJW Group bids farewell to board member Walter J. Bishop in April. He is retiring following a decade of dedicated service to the company. Walter has elevated the company's commitment to sustainable water supplies, environmental stewardship, our growth in Texas, and served as the first Chair of our Sustainability Committee. We thank him for his service and leadership.

On behalf of the board and our leadership team, we thank our employees, who are the reason for the company's achievements.

We look forward to another successful year in 2023.

Sincerely,



Eric W. Thornburg
Chair, President, and CEO, SJW Group

SJW GROUP

Large National Pure-Play Water/Wastewater Provider With Deep Local Expertise,
Committed to Sustainably Serving Our Communities

2022 at a Glance

OUR COMPANY



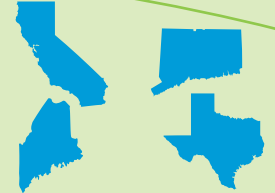
160
years of history



~1.5M
people served



757
talented employees
across 4 states



Operations in
California, Connecticut,
Maine, and Texas

OUR CAPITAL AND CUSTOMERS



\$219M
infrastructure
investment



63
miles of pipeline
replaced/installed



\$60M
invested in MWC
resource center



SJWTX customer
growth
4x over **16** years

OUR COMMITMENT TO ESG



50%
GHG reduction
by 2030



\$62M
spent with
diverse suppliers



44%
of board are
women



\$400,000
charitable
donations

OUR FINANCIAL HIGHLIGHTS



13.4%
total shareholder
return



10.9%
YOY stock price
appreciation



\$2.43
diluted earnings
per share



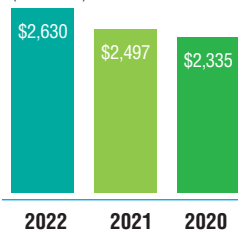
5.9%
increase in
annual dividend

FINANCIAL HIGHLIGHTS

(in thousands, except share, per share, and Balance Sheet data)	2022	2021	2020
Operating Results			
Total operating revenues	\$620,698	\$573,686	\$564,526
Income from continuing operations	\$68,271	\$52,388	\$60,680
Net income	\$73,828	\$60,478	\$61,515
Cash Flow Data			
Net cash provided by operating activities	\$166,199	\$130,040	\$104,051
Common Stock Data			
Shares of common stock outstanding			
Year-end	30,802	30,181	28,557
Weighted average — basic	30,305	29,601	28,522
Weighted average — diluted	30,424	29,736	28,695
Reported basic earnings per share	\$2.44	\$2.04	\$2.16
Reported diluted earnings per share	\$2.43	\$2.03	\$2.14
Dividends paid per share	\$1.44	\$1.36	\$1.28
Balance Sheet Data (in millions)			
Total assets	\$3,633	\$3,492	\$3,311
Long-term debt, less current maturities	\$1,492	\$1,493	\$1,288
Total SJW Group stockholders' equity	\$1,111	\$1,035	\$917
Capital expenditures	\$218,784	\$233,933	\$195,323

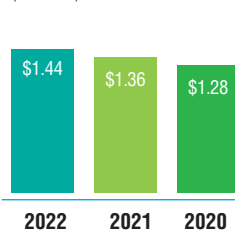
Net Utility Plant

(in millions)



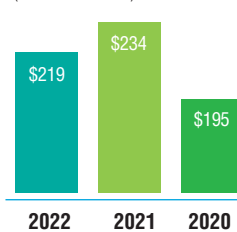
Dividends Declared

(in dollars)



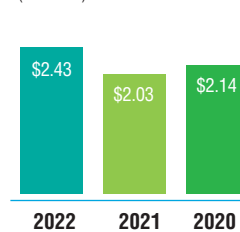
Capital Expenditures

(dollars in millions)



Diluted Earnings Per Share

(in dollars)



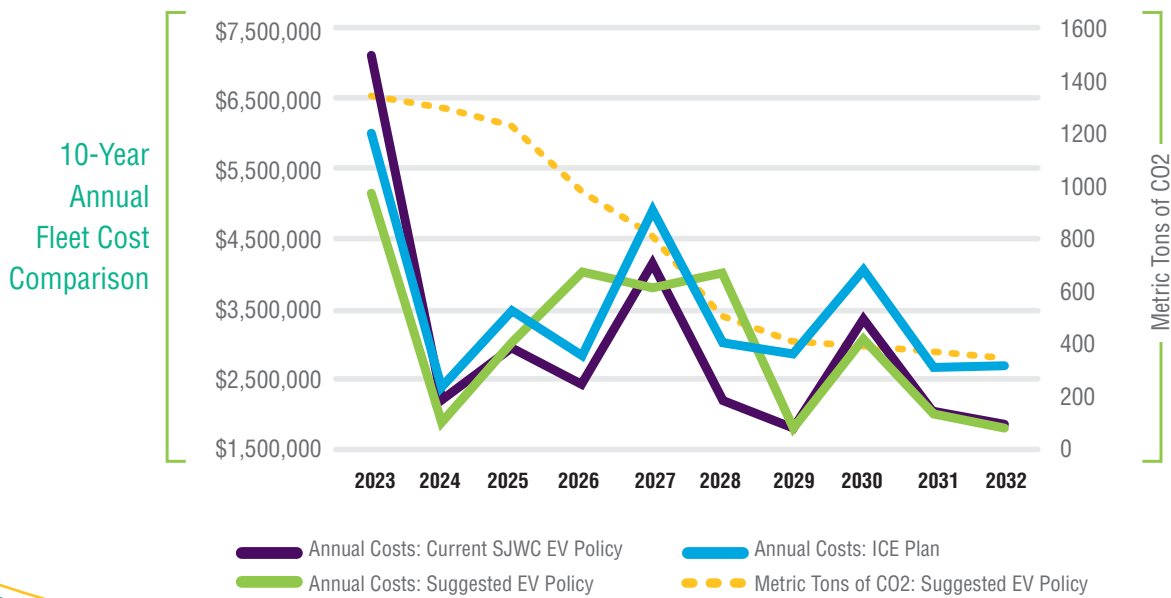
COMMITMENT TO ESG

In 2021, SJW Group committed to reducing our Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 50% of 2019 levels by 2030. In 2022, we focused on validating our GHG data and developing meaningful metrics to measure our progress. This included an audit of our 2021 emissions inventory by a company accredited by the ANSI National Accreditation Board, which verified our metrics on Scope 1 and Scope 2 emissions. Scope 1 emissions come from the fuel consumption by our vehicle fleet and standby power generators. Our Scope 2 emissions come from purchased electricity.

We plan to make significant strides toward reducing our Scope 1 and Scope 2 emissions in 2023 through the following actions:

- Install eight solar energy projects that will have the capacity to produce more than 3,000 megawatt hours of electricity each year.
- Connecticut Water Company and SJWTX, which does business as The Texas Water Company (TWC), will purchase renewable energy credits for 70% and 85% of their electricity purchases, respectively.
- Switch stationary generator fuel from diesel to biodiesel (about 23,000 gallons).
- Replace more than 25 internal combustion engine (ICE) vehicles with electric vehicles.

San Jose Water commissioned a fleet electrification plan in 2022. The plan projects that San Jose Water will save over \$2,000 per vehicle in operating costs every year for each converted ICE vehicle. Once the San Jose Water fleet is fully electrified, it will emit less than 30% of the GHG produced by its current ICE fleet. A summary of the total costs of ownership and the emissions impact of electrifying San Jose Water’s fleet is provided below:



Employee Health and Safety

Protecting the health and well-being of our employees is the focus of local teams across all four states. We work to ensure our people return safely to their family and friends at the end of every workday.

In 2022, the Total Recordable Incident Rate for SJW Group was 3.3, which compares favorably to the national average for water utilities of 4.9 in 2021 (the most recent data available). Our work to protect employee health and safety will continue in 2023.



Supply Chain and Supplier Diversity

SJW Group adopted procedures to ensure that our vendors are familiar with and adhere to our Vendor Code of Conduct (VCC) policy. These procedures include incorporating VCC compliance language into our contracts and purchase order terms and conditions, annual compliance surveys, and compliance analysis and internal reporting.

We also built on our 2021 achievements, further increasing the percentage of addressable spend with diverse suppliers in 2022. Across SJW Group, more than \$62 million, or 23%, of our total addressable spend was with diverse suppliers. In California, where San Jose Water's supplier diversity program is more mature, we received a Trailblazer Award from the Institute for Supply Management (ISM). The ISM Supply Chain Trailblazer Awards celebrate organizational programs that set new standards, drive new possibilities, and exceed expectations. According to ISM, those honored set the bar and help advance the supply management profession.

Preservation of Water Supplies

SJW Group companies have a strong commitment to reducing water that is lost through leaking mains and fittings. We calculate the amount of water that does not pass through or is not recorded by customer meters or cannot otherwise be accounted for as "Unaccounted for Water." Our water main replacement programs and advanced leak detection program help us to reduce the amount of Unaccounted for Water, which conserves a precious resource (water) and reduces the environmental impact of the electricity used to pump lost water.

The industry average for Unaccounted for Water, as a percentage of production, is 16. The group's Unaccounted for Water percentage for 2022 is not yet available. In 2021, it was 9.8%.

COMMITMENT TO INFRASTRUCTURE INVESTMENT

In 2022, SJW Group invested \$219 million in drinking water and wastewater infrastructure to reliably serve customers. Upgrading and maintaining our systems is essential to public health, local communities, economic growth, public fire protection, and good environmental stewardship. Our investments include water mains, water storage, treatment facilities, water quality testing, and cybersecurity.



More than 32,000 people in southern Maine are now receiving tap water from modern, sustainable treatment infrastructure that provides clean drinking water from the Saco River. The Saco River Drinking Water Resource Center replaced a treatment plant that first went online in 1884 and was thought to be the oldest in the nation. The new resource center went online in June 2022 and will serve people for generations to come.

Much of the infrastructure serving customers today is decades old. The investments we make now will help us to ensure that our water systems are robust and able to meet both current needs and those of future generations.

In California, San Jose Water's Columbine Station Improvement Project is replacing the original 20-million-gallon steel water storage tank with two 5-million-gallon, prestressed concrete water storage tanks. Unlike typical walls of concrete tanks containing static steel rebar for strength, the prestressed tanks are constructed to place the steel components in tension and the concrete in compression. This method provides better seismic resistance and tends to extend the life and reliability of the tanks.

In 2023, \$255 million in infrastructure investment is planned across SJW Group, in support of water quality, reliability, resilience, and environmental goals. Over the next five years, SJW Group is planning to invest about \$1.4 billion in drinking water and wastewater infrastructure, pending regulatory approval.



Colchester, CT — Connecticut Water completed the installation of solar panels at one of its smaller water systems that were sufficiently sized to fully meet energy requirements to pump, treat, and move water through the water system, effectively removing it from the power grid.



Comal County, TX — 750,000-gallon water storage tank completed at a cost of \$2.2 million. One of 13 water storage projects completed, under construction, or in design.

The California Public Utilities Commission (CPUC) has approved SJW's request to deploy Advanced Metering Infrastructure, more commonly known as AMI or smart meters. We will be investing approximately \$100 million over the next four years in this technology, which supports customer service and environmental goals. Smart meters support our commitment to preserving and protecting the environment by helping detect and stop leaks quickly, respond to climate change impacts, and reduce carbon emissions. This technology will help us effectively plan for future water supply needs.

COMMITMENT TO CUSTOMERS

All water is local. The leadership teams located at each of our state utility operations are closest to the people and communities they serve. Overall, SJW Group again achieved a world-class customer satisfaction level of 85%.

Our local focus is backed by the technical and financial resources of SJW Group. We have teams of employees working collaboratively across each state and in areas such as customer service and communications. We are continually identifying and evaluating opportunities to further increase customer satisfaction by leveraging best practices from each state.

One example is our partnership with a new vendor for online billing. The roll out began in Connecticut and Maine in 2021. It was well received and then extended to Texas in 2022. We can now accept a variety of new payment options, allowing customers the flexibility to choose what's most convenient for them.

We are also responsive to our customers who may be experiencing financial hardships. In 2022, SJW Group helped secure nearly \$10 million in state and federal funding for its customers in need of financial assistance. This was in addition to our own financial assistance programs, which included reduced water rates for income-eligible customers, flexible payment plans, and partial bill forgiveness. Nearly 30,000 customers participated in these programs in 2022.



85%
WORLD-CLASS
CUSTOMER SATISFACTION

COMMITMENT TO COMMUNITY

SJW Group continued our commitment to investing in our communities in 2022. More than \$400,000 was donated to local charitable and nonprofit organizations to support the good work they do, including:

- Food banks and community gardens.
- Shelters for the homeless.
- Touchless fill stations for reusable water bottles in local schools.
- Equipment and training for local fire departments.
- Scholarships for graduating high school seniors.
- Holiday employee toy, food, and coat drives.
- Support for our veterans.

Many of our employees are also active in their communities, and we encourage and support their engagement. In 2023, at the suggestion of our Diversity, Equity, and Inclusion Council, we initiated a paid day of service for our employees that can be used for volunteer work or celebration of a day special to them. Employee charitable donations are also eligible for a matching donation.

Educating the leaders and water consumers of tomorrow is also a passion of the company and its employees. In Connecticut and Maine, we offer our Water Drop Watchers program in third-grade classrooms. Our employee volunteers lead children through a variety of hands-on exercises that teach them about the water cycle, the scarcity of fresh drinking water, and the need to protect water resources.

San Jose Water donated \$15,000 to ensure 75 fifth graders at a local elementary school could attend science camp. This was done in conjunction with the Rotary Club of San Jose, providing children from vulnerable households a week to discover the wonder of science in the great outdoors.



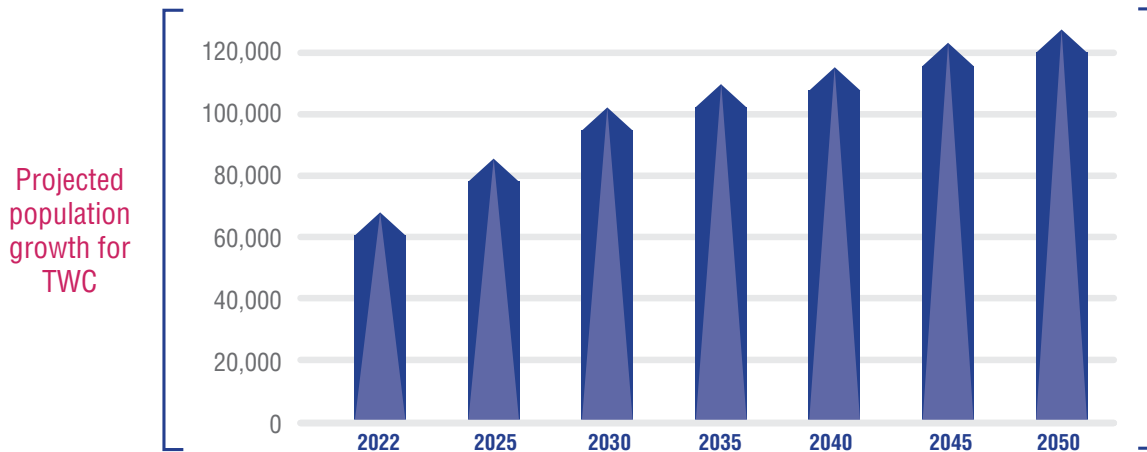
Left to right: Christmas in the Park in San Jose, CA; Story Time in Comal County, TX; and Water Drop Watchers outreach at the Northern Maine Children's Water Festival.

TEXAS WATER GROWTH

On Dec. 30, 2022, TWC filed an application with the Public Utilities Commission of Texas (PUCT) to acquire KT Water Development, L.P. In addition, TWC intends to acquire a well field owned by KT Water Resources, Ltd. These acquisitions, if completed as anticipated, will add more than 550 customers to our customer base and increase our available water supply by 50% to support continued growth. The additional supply will help meet projected water needs in the area up to 2070.

TWC is located in a path of significant growth along the I-35 corridor between Austin and San Antonio, which includes three of the five fastest-growing counties in the United States. Since 2006, the customer base of TWC has quadrupled — to over 26,000 water customers and nearly 900 wastewater customers.

Texas has a constructive regulatory environment that provides for fair market value and a filed rate doctrine. The filed rate doctrine is new — providing for existing rates of the acquiring company to be applied to customers of the acquired company at the time of acquisition — minimizing regulatory lag.



TWC's Alnwick water storage tank under construction.

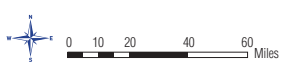
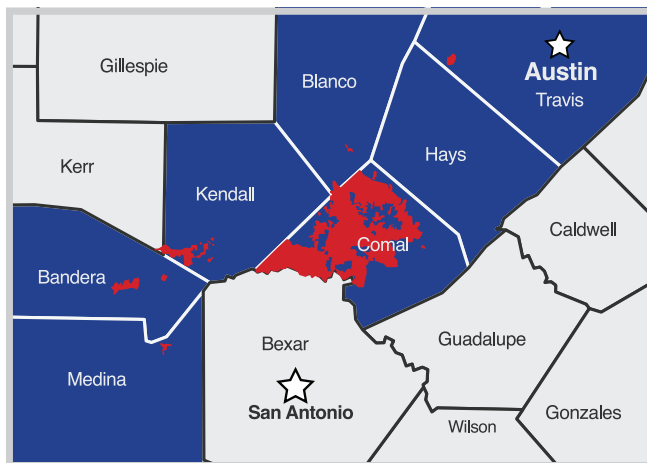
TWC also filed an application with the PUCT for approval of its first system improvement charge (SIC). The SIC allows for a surcharge on customer water bills to recover improvements that have increased capacity, reliability, and quality in the water system and are in service and providing a benefit to customers. TWC has invested \$43.3

million in infrastructure since the company's last general rate case in 2014. TWC is requesting that \$14.3 million in capital investments be recovered through its January 2023 SIC filing. This would result in an annual revenue increase of \$1.6 million, if approved as filed. The remaining capital investments would be recovered in future filings.



TEXAS WATER COMPANY

Texas Water Growth Map



- ☆ Major Cities
- Counties Served by TWC
- County Boundary
- TWC CCN

Texas Water Company serves three of the five fastest-growing counties in the U.S., according to the U.S. Census Bureau.



**SJW Group
Executive Leadership Team**

Eric W. Thornburg

Chair, President, & CEO

Andrew F. Walters

Chief Financial Officer & Treasurer

Andrew R. Gere

President, San Jose Water

Craig Patla

President, Connecticut Water

Kristen Johnson

Senior Vice President & Chief
Administrative Officer

Willie Brown

Vice President, General Counsel, &
Corporate Secretary

Bruce A. Hauk

Chief Operating Officer



STOCKHOLDERS' CALENDAR

Schedule of anticipated dividend declaration, record, and payment dates for 2023.

TRANSFER AGENT

(for inquiries and changes in
stockholder accounts)

American Stock Transfer & Trust
Company, LLC

Shareholder Services Division
6201 15th Avenue
Brooklyn, NY 11219

Telephone: (800) 937-5449

Website: www.astfinancial.com

Declaration Dates	January 25
	April 26
	July 26
	October 25
Record Dates	February 6
	May 8
	August 7
	November 6
Payment Dates	March 1
	June 1
	September 1
	December 1

ANNUAL MEETING

The Annual Meeting of Stockholders of
SJW Group will be held on Wednesday,
April 26, 2023, at 9:00 AM Pacific
Time at the principal offices of SJW
Group, 110 W. Taylor Street, San Jose,
California 95110.

General Office: (408) 918-7280

Investor Relations: (800) 250-5147

DIRECTORS

Walter J. Bishop

Principal

Walter Bishop Consulting

Carl Guardino

Vice President of Government Affairs

Tarana Wireless, Inc.

Mary Ann Hanley

Former Management Team Executive

Trinity Health Of New England

Heather Hunt

Executive Director

New England States Committee
on Electricity, Inc.

Rebecca A. Klein

Principal

Klein Energy, LLC

Gregory P. Landis

Of Counsel

3DLaw PLLC

Daniel B. More

Senior Advisor

Guggenheim Securities LLC

Eric W. Thornburg

Chair, President, & CEO

SJW Group

Carol P. Wallace

Retired Chief Executive Officer

Cooper-Atkins Corporation

OUR MISSION

Trusted, passionate and socially responsible professionals delivering life-sustaining, high-quality water and exceptional service while protecting the environment, enhancing our communities and providing a fair return to shareholders.

OUR VISION

Our vision is what we aspire to...

"To serve our customers and communities, employees, shareholders, and the environment at world-class levels."

OUR VALUES

- Teamwork and Respect
- Straight Talk and Transparency
- Integrity and Trust
- Service and Compassion



SJW Group

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