A photograph of a dense forest with tall, thin trees. Sunlight is streaming through the canopy, creating a warm, golden glow. The leaves are green, with some showing early autumn colors. The bottom of the image is covered by a solid blue curved shape.

# Financial Results Presentation Third Quarter 2023

*SJW Group*



# On Today's Call



Eric W.  
Thornburg  
Chair, President  
and CEO



Andrew Walters  
Chief Financial Officer  
and Treasurer

# Forward-Looking Statements

## Safe Harbor

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Some of these forward-looking statements can be identified by the use of forward-looking words such as “believes,” “expects,” “estimates,” “anticipates,” “intends,” “seeks,” “plans,” “projects,” “may,” “should,” “will,” or the negative of those words or other comparable terminology. These forward looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict.

These forward-looking statements involve a number of risks, uncertainties and assumptions including, but not limited to, the following factors: (1) the effect of water, utility, environmental and other governmental policies and regulations, including regulatory actions concerning rates, authorized return on equity, authorized capital structures, capital expenditures and other decisions; (2) changes in demand for water and other services; (3) unanticipated weather conditions and changes in seasonality including those affecting water supply and customer usage; (4) the effect of the impact of climate change; (5) unexpected costs, charges or expenses; (6) our ability to successfully evaluate investments in new business and growth initiatives; (7) contamination of our water supplies and damage or failure of our water equipment and infrastructure; (8) the risk of work stoppages, strikes and other labor-related actions;

(9) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, hurricanes, terrorist acts, physical attacks, cyber-attacks, epidemic, or similar occurrences; (10) changes in general economic, political, business and financial market conditions; (11) the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, changes in interest rates, compliance with regulatory requirements, compliance with the terms and conditions of our outstanding indebtedness, and general market and economic conditions; and (12) legislative, and general market and economic developments. The risks, uncertainties and other factors may cause the actual results, performance or achievements of SJW Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Results for a quarter are not indicative of results for a full year due to seasonality and other factors. Other factors that may cause actual results, performance or achievements to materially differ are described in SJW Group’s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. Forward-looking statements are not guarantees of performance, and speak only as of the date made. SJW Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

# Delivering on Our Growth Strategy in 2023

- **Constructive regulatory outcomes**
  - Connecticut Water Infrastructure and Conservation Adjustment (WICA) approved and effective October 1
  - California Water Conservation Memorandum Account (WCMA) reimplementation approved, retroactive to April 20, 2023
- **Customer Growth**
  - Delivered customer growth of 12% in Texas year over year
  - Texas Water has more than quadrupled the number of customers it now serves, to 28,000+ connections
- **Capital expenditures (CapEx)**
  - \$196 million invested year to date, or 77%, of \$255 million budgeted in 2023
- **Commitment to ESG**
  - Investing in solar generation toward reduced operating expense (OpEx) and a 50% reduction in greenhouse gas emissions
- Delivered \$1.13 per diluted share in 3Q23
- Guidance range increased for 2023: \$2.65 to \$2.70

# Future Growth Strategy

- Substantial CapEx Investments
  - Five-year plan to invest \$1.6 billion in water/wastewater infrastructure and PFAS remediation, subject to regulatory approval
- Managing OpEx
  - Investment in infrastructure to manage OpEx
- Constructive regulatory outcomes
  - California Water Cost of Capital Mechanism (WCCM) raises return on equity to 9.31%, and 2024 WCCM triggered
  - System improvement charge in Texas
  - General rate cases and infrastructure surcharge filings in Connecticut and Maine



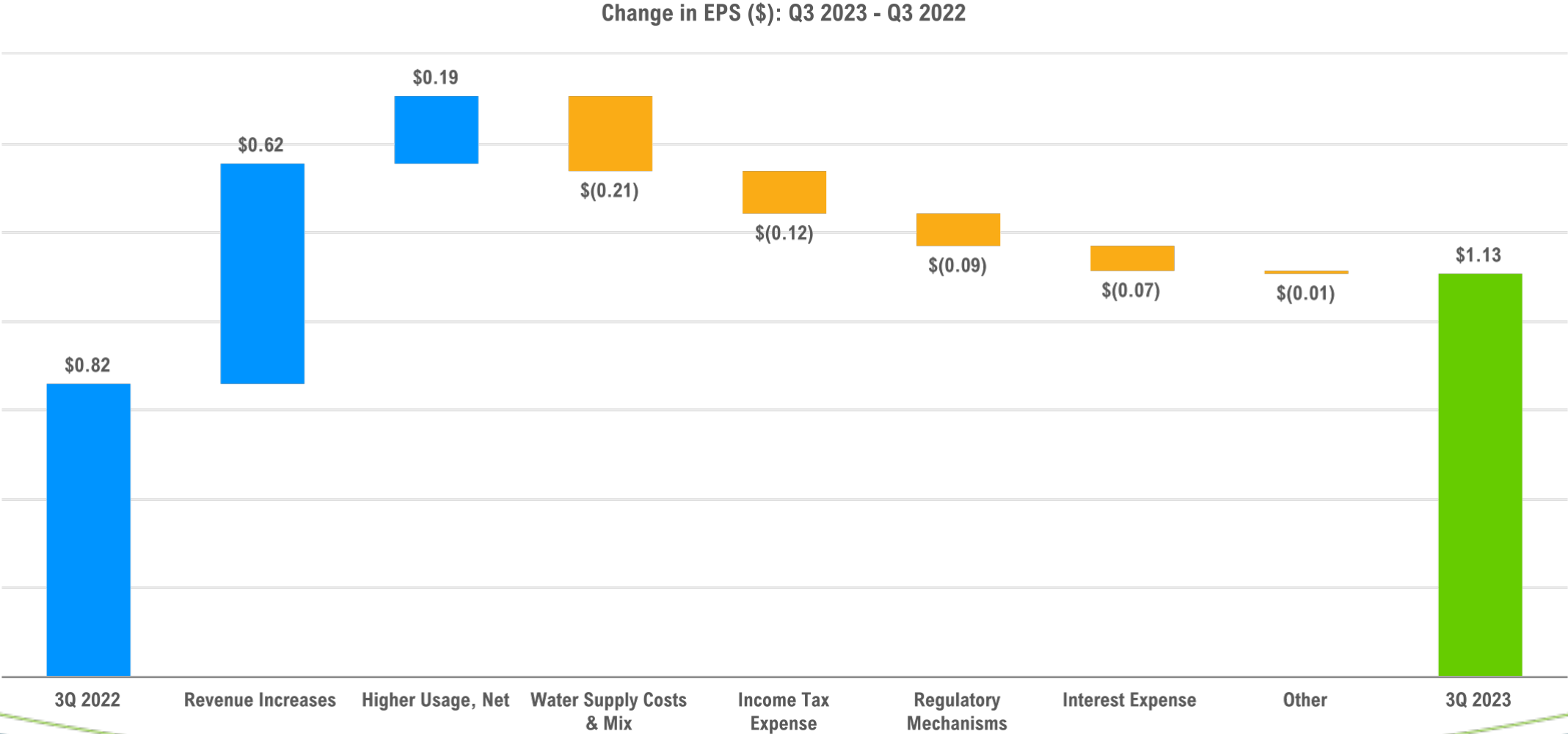
\$12 million groundwater treatment facility under construction in East Windsor, Connecticut

# Financial Results: 3Q 2023

- Quarter-over-quarter results comparison was impacted by the delay in San Jose Water Company's 2022 to 2024 general rate case decision
- Reimplementation of WCMA and Water Conservation Expense Memorandum Account (WCEMA) not reflected in 3Q results
- Customer usage down in Maine, partially recovered in California and Texas

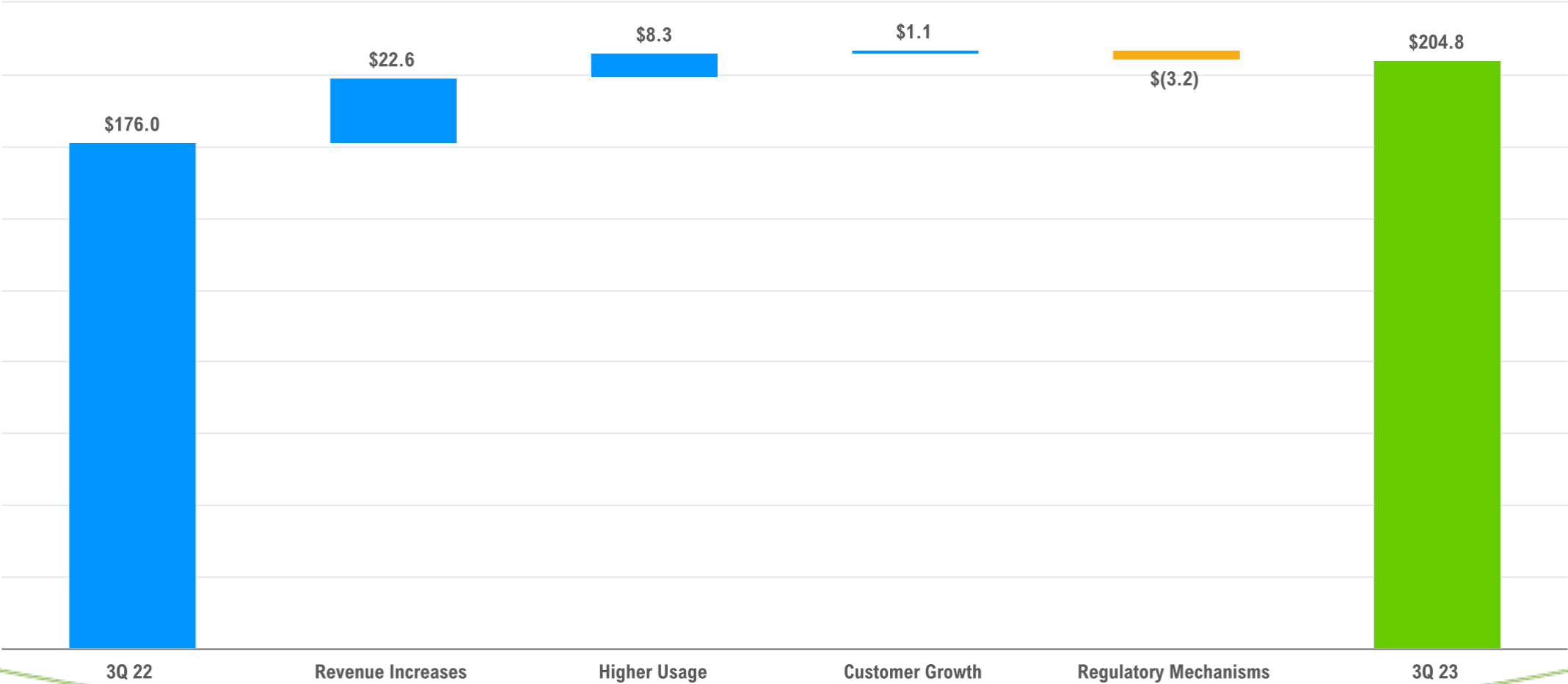
IN MILLIONS except for earnings per share (EPS)	3Q 2023		3Q 2022	CHANGE
Revenue	\$204.8	↑	\$176.0	16% increase
Net Income	\$36.2	↑	\$25.0	45% increase
Diluted EPS	\$1.13	↑	\$0.82	38% increase

# 3Q 2023 Diluted EPS Bridge



# Revenue Increased 16% From 3Q 2022

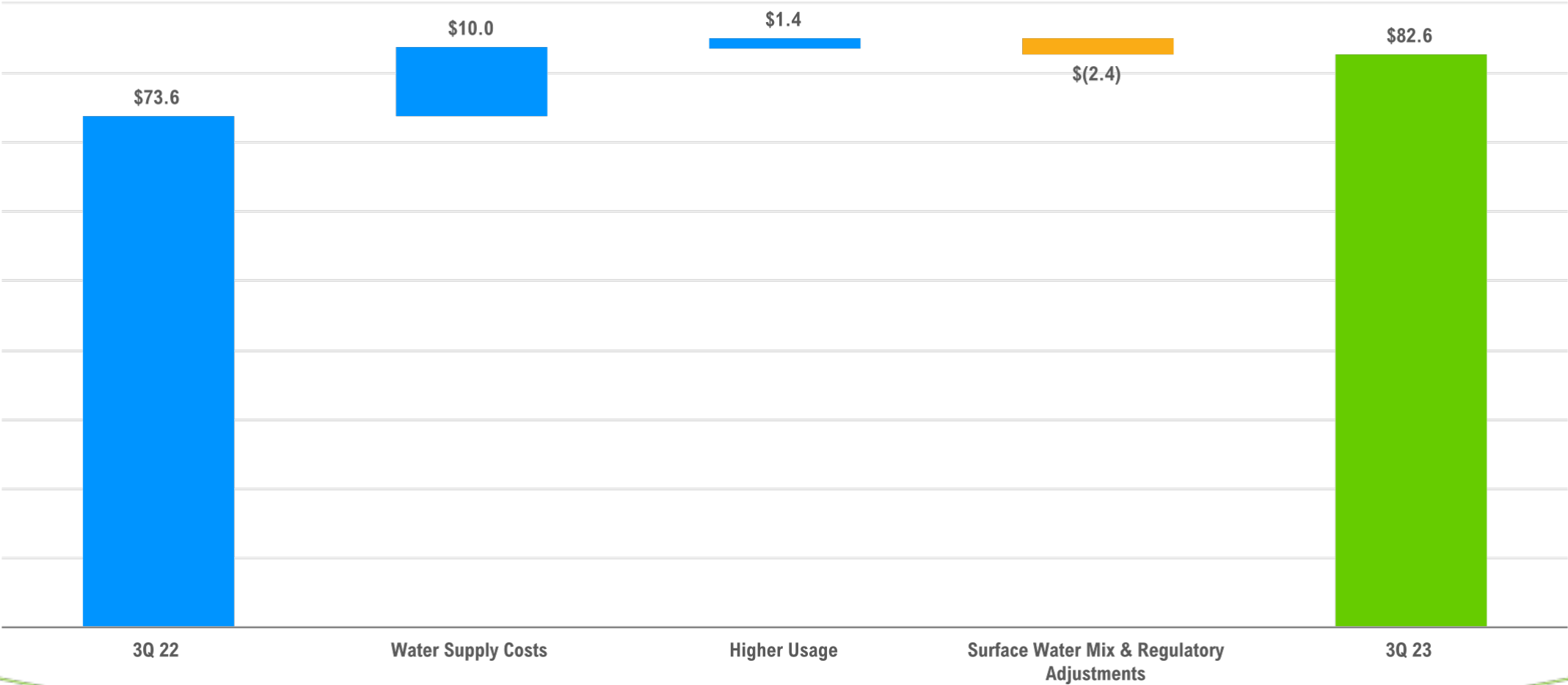
Change in Revenue (\$M): Q3 2023 - Q3 2022





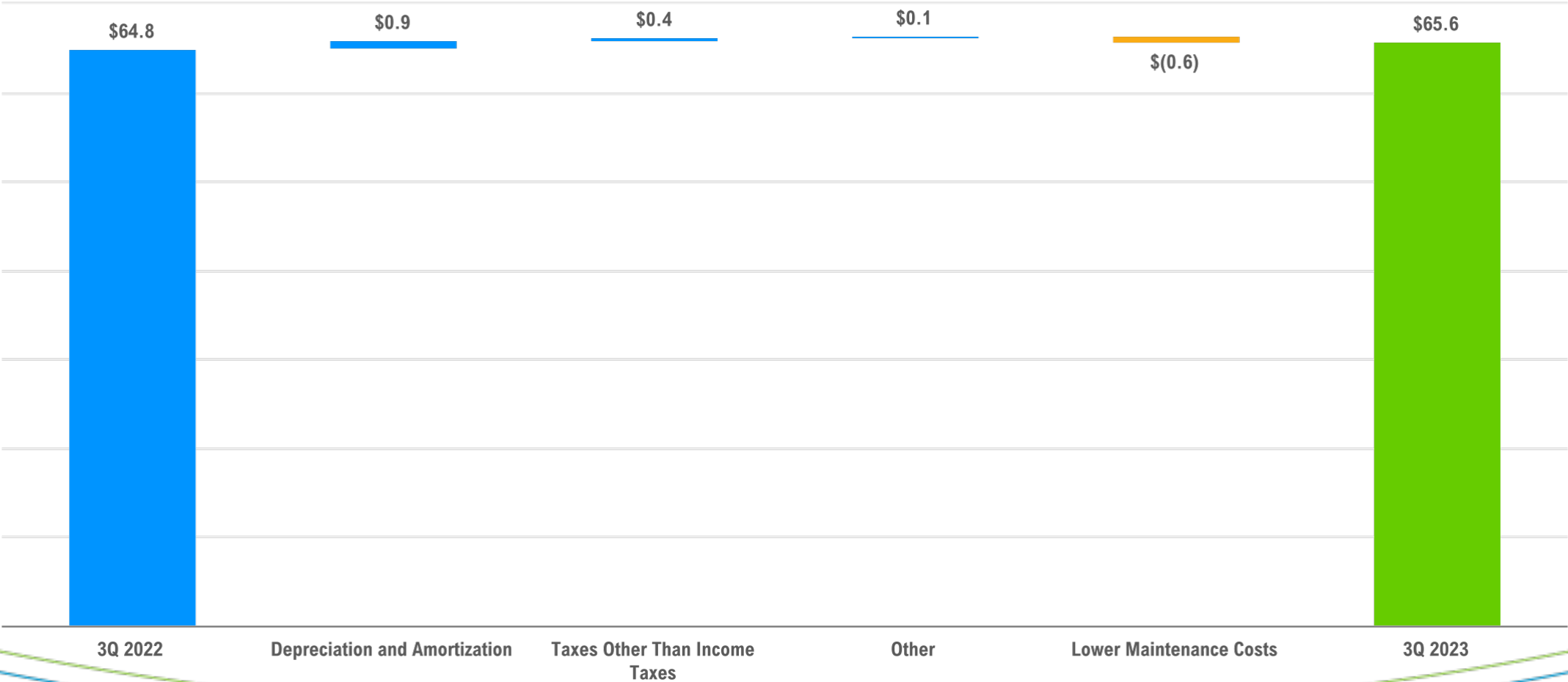
# Water Production Expenses Increased 12% From 3Q 2022

Change in Water Production Expenses (\$M): Q3 2023 - Q3 2022



# Other Operating Expenses Increased 1% From 3Q 2022

Change in Other Operating Expenses (\$M): Q3 2023 - Q3 2022



# Financial Results: YTD 2023

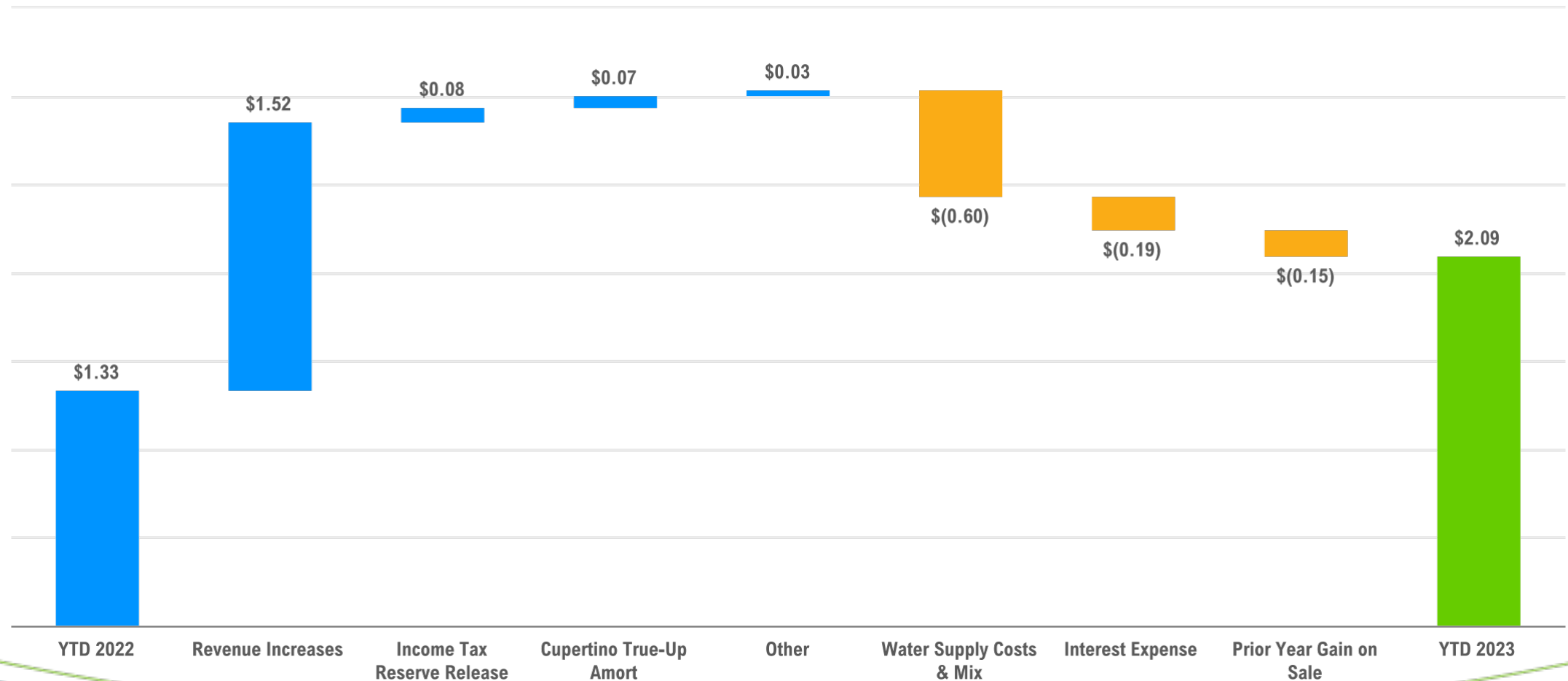
- Year-to-date results comparison was impacted by the delay in San Jose Water Company's 2022 to 2024 general rate case decision
- WCMA and WCEMA not reflected in results from April 11 to September 30, 2023

IN MILLIONS except for EPS	YTD 2023		YTD 2022	CHANGE
Revenue	\$499.0	↑	\$449.3	11% increase
Net Income	\$66.0	↑	\$40.3	64% increase
Diluted EPS	\$2.09	↑	\$1.33	57% increase



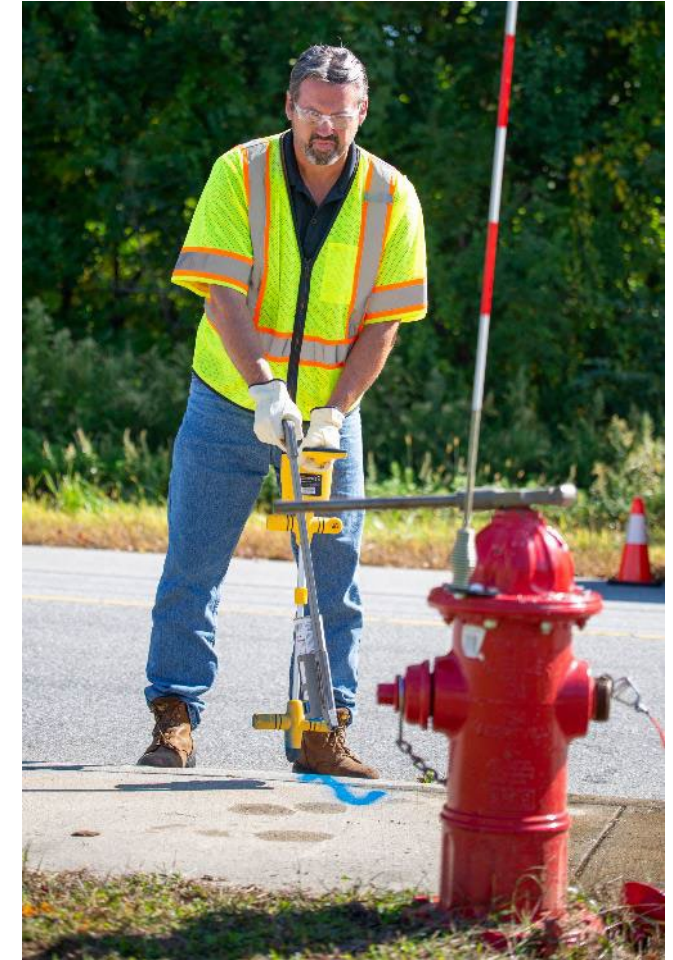
# YTD 2023 Diluted EPS Bridge

Change in EPS (\$): YTD 2023 - YTD 2022



# 2023 YTD Financing Activity and Income Tax Rate

- \$76.8 million in equity issued at the market
  - \$11.8 million in 3Q
  - Raised \$50 million target for general corporate purposes
  - Additional amount raised for acquisitions closed in 3Q23
- \$221.6 million available on bank lines of credit, and \$128.4 million drawn
- 6.16% average borrowing rate on credit advances in 2023, 2.79% in 2022
- Effective income tax rate 6% in 2023, 8% in 2022



# California Updates

- WCCM 2024
  - Advice Letter 601 filed on October 13, notifying CPUC that 2024 WCCM was triggered on September 30, 2023
    - Advice Letter filing expected in December with proposed WCCM-adjusted rates to be effective January 1, 2024
    - ROE of 10.01% on January 1, 2024, less 20 basis points (bps) for reimplementing of the WCMA, for a new projected ROE of 9.81%
- CPUC approved continued use of the WCMA and WCEMA
  - Effective retroactive to April 20, 2023
  - The estimated amount not yet recorded in after-tax earnings is \$2.7 million as of September 30, 2023. All conservation impacts have been and will continue to be debited against overcollection, providing contemporaneous recovery



## 2024 WCCM Adjustment

An additional 70 bps adjustment January 1, 2024, less 20 bps for reimplementing of WCMA

### ROE

10.01%, less 20 bps WCMA reduction

### Cost of Debt

5.28%

### ROR

7.86%



# California Updates

- Water Supply Mix Full Cost Balancing Account (FCBA)
  - FCBA authorized retroactive to January 1, 2022
  - CPUC's authorization recognizes challenge with predicting water supply availability and benefits to customers and utility
  - Tracks actual versus authorized water supply and purchased power costs, removing water supply mix volatility risk to earnings
- Net impacts:
  - Undercollection of \$2.0 million at December 31, 2022
  - Overcollection of \$9.9 million through 3Q23 delivered revenue protection to SJWC and lower water supply cost benefits to customers



## **Customers benefiting from FCBA**

**\$9.9 million overcollection benefits customers**

**Continues to remove volatility in supply costs for the company**

# Connecticut Updates

- General rate case (GRC) filed with Public Utilities Regulatory Authority (PURA) on October 3, 2023
  - Requesting \$21.4 million, or 18.1%, annualized revenue increase
  - Proposing expansion of customer assistance programs
  - Decision expected in 2Q24
- Water Infrastructure and Conservation Adjustment (WICA)
  - WICA increase of 1.19% approved by PURA on September 25, 2023
    - \$1.3 million increase in annualized revenue
    - Effective date October 1, 2023



## Connecticut Water WICA

7.38% cumulative WICA as of October 1, 2023

Annual cap on WICA: 5%  
Cap between GRCs: 10%

WICA rolled into base rates during GRCs, and surcharge reset to zero

# Maine Updates

- \$1.5 million annualized temporary rate increase authorized by Maine Public Utilities Commission in the Biddeford-Saco division on August 25, 2023
  - Related to the rate filing on March 31, 2023
    - Requests annualized revenue increase of \$2.9 million over 2 years
    - Reflects actual operating expense of new \$60 million facility and increased financing costs
  - Anticipating fully litigated decision on total \$2.9 million increase in 4Q23



## Maine Water WISC

Water Infrastructure  
Surcharge filed in Camden-  
Rockland Division

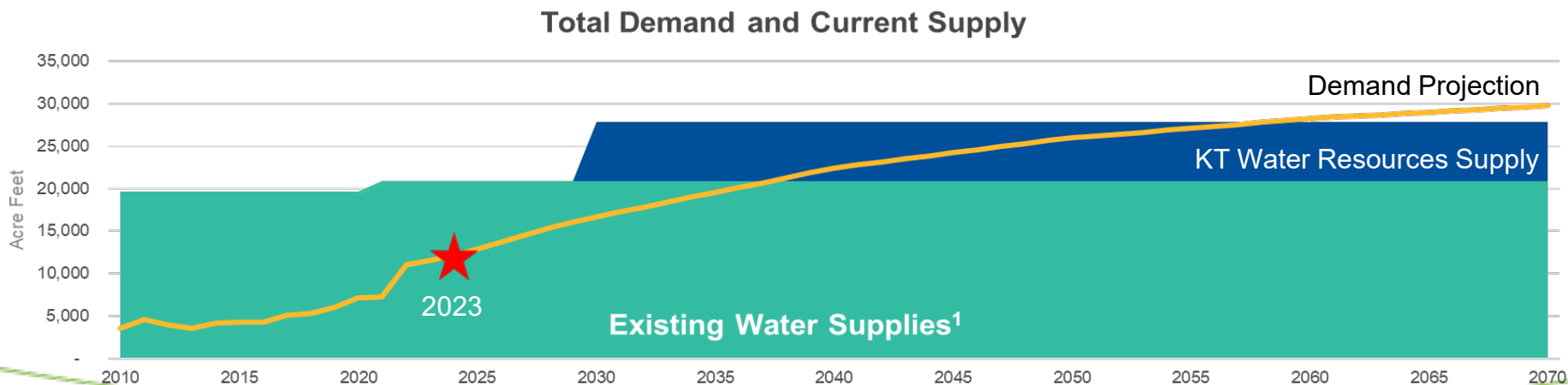
\$1.7 million in completed,  
eligible infrastructure projects

Will generate \$158,000 in  
annualized revenues if  
approved as filed



# Texas Updates

- Closed on two significant acquisitions on August 14, 2023
- KT Water Development by Texas Water Company
  - 570 customer connections
  - Public Utilities Commission of Texas (PUCT) expected to provide final approval in 4Q23
- KT Water Resources by Texas Water Resources
  - Texas Water Resources subsidiary is not PUCT regulated
  - Increases available supply by approximately 40%



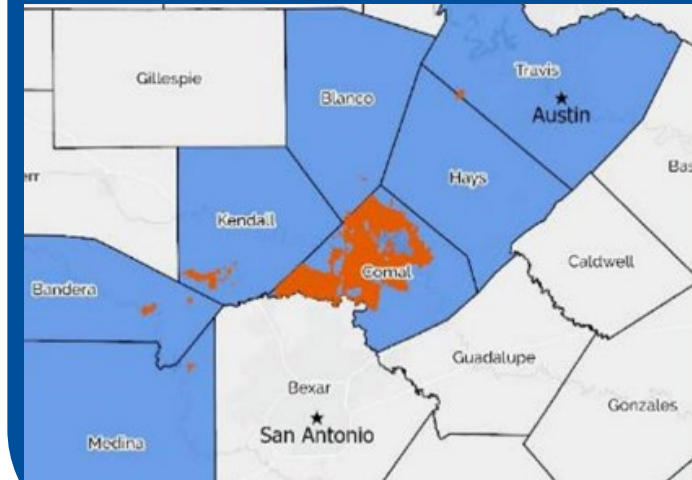
<sup>1</sup> Source: U.S. Census Bureau population growth in counties with a population of at least 10,000, 2010 - 2019

# Texas Updates

- Growing interest from developers in our service area as outstanding development units (potential connections) increase to 22,000 units from 15,000 at year-end 2022<sup>1</sup>
- Connections quadrupled since 2006
  - Serves three of the five fastest-growing counties in the United States<sup>2</sup>
  - >27,500 water connections and 900 wastewater connections
- System improvement charge application progressing
  - On October 17, 2023, the PUCT determined our application to be administratively complete
  - \$1.6 million in annualized revenue if approved as filed; decision expected in 1Q24
- Drought Management Plan in effect due to drought
  - Service area in state 3 and 4 drought conditions

TEXAS WATER  
COMPANY

Texas had the highest population growth of any U.S. state in the 2020 Census. Texas Water serves the rapidly growing area in the Austin-San Antonio corridor



<sup>1</sup> Assumes a build-out of 10 years or longer

<sup>2</sup> Source: U.S. Census Bureau population growth in counties with a population of at least 10,000, 2010 - 2019

# Guidance Increased

Guidance	2023
Diluted EPS	\$2.65 - \$2.70 <sup>1</sup>
Equity issuance, excluding acquisition growth	\$40 - \$50 million
5-Year CapEx	\$1.6B <sup>2</sup>

- Factors underlying 2023 guidance increase:
  - Executed on initiatives implemented to address anticipated challenges
  - Higher customer water usage
  - Income tax reserve release
  - Year-end repair tax study
  - Constructive regulatory decisions
- Equity issuance of \$76.8 million YTD; \$5.7 million remaining target in 2023
- Long-term growth rate: 5% - 7%
  - Nonlinear and anchored off of 2022 diluted EPS of \$2.43

<sup>1</sup> SJW Group's earnings guidance is subject to numerous risks and uncertainties, including, without limitation, those factors described in the "Forward-Looking Statements" on slide 3 and the "Risk Factors" section of the company's annual and quarterly reports filed with the Securities and Exchange Commission

<sup>2</sup> Five-year CapEx includes approximately \$230 million for PFAS treatment; updated in 2Q23

# Commitment to Sustainability

- Infrastructure investments reducing greenhouse gas emissions and operating expenses
  - Owned solar generation in California and Connecticut
    - 6,197 MWh/year by year-end 2024
    - Generating annual operating expense savings
  - Water system efficiencies
- Enterprise wide procurement driving operations and maintenance efficiency
  - \$320,000 savings through 3Q
    - Enterprise wide RFPs
    - Multiyear agreements
    - Cross-functional procurement team

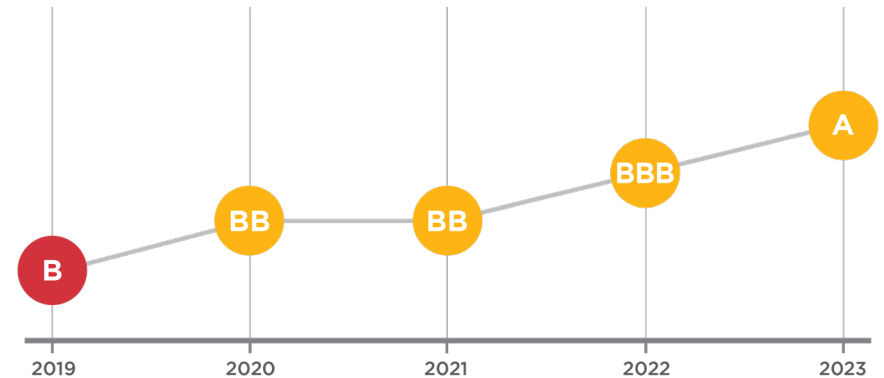


Solar generation at San Jose Water Company

# ESG Updates and Awards

- MSCI Rating: 'A' from 'BBB'
- GRESB public disclosure assessment
  - Ranked in the top third of our comparison group
- Institutional Shareholder Services
  - B corporate rating – Prime Status
- Top Workplace in Connecticut
  - As voted by employees
- National Association of Clean Water Agencies' recognition for watershed stewardship in California
- Maine Water named utility of the year

MSCI ESG Rating History





# Welcome

## SJW Group Board

- Director Denise L. Kruger



## Texas Water Company

- President Aundrea Williams



# Questions

# Appendix

# PFAS Update

- Supporting U.S. EPA's proposed standard for per- and polyfluoroalkyl substances (PFAS) in drinking water
- Part of class action settlements against PFAS manufacturers for approximately \$11.5 billion
- Advocating that all affected water and wastewater utilities have access to available federal and state funding for treatment
- Current CapEx estimate for treatment at EPA's proposed maximum contaminant levels:
  - Approximately \$110 million in California
  - Approximately \$120 million in Connecticut



# 2023 Regulatory Filings Pending and Approved

State	Docket #	Type*	Filing Date	Order Date	Status	Revenue Requested (annualized)	Revenue Approved (annualized)	Comments
CA	AL 586	GRC	11/18/22		Effective 01/01/23	\$18.4M	\$18.4M	
CA	A2105004	Cost of Capital	05/03/21	6/29/23	Effective 07/31/23	(\$0.4M)	(\$0.4M)	Sets ROE, debt cost and capital structure
CA	AL 596	Wholesale Water Offset	05/31/23		Effective 07/1/23	\$27.6M	\$27.6M	
CA	AL 592	WCMA/WCEMA	4/20/23		Effective 4/20/23			Reimplements memo accounts to true-up usage
CA	AL 599	COC Revenue Adjustment	7/31/23	6/29/23	Effective 7/31/23			Revenue adjustment reflecting new ROE, cost of debt and capital structure
CA	Advice Letter 601	10/13/23	1/1/24	TBD				WCCM trigger adjusting ROR for 2024
ME	2023-00065	GRC Biddeford-Saco 3	03/31/23		Two-step approval 3Q/4Q	\$2.9M	\$—	Two-year phase in proposal
ME	2022-00056	GRC Camden-Rockland	02/28/22	02/02/23	Effective 01/01/23	\$233K	\$233K	
ME	2022-00057	GRC Freeport	02/28/22	02/02/23	Effective 01/01/23	\$82K	\$82K	
ME	2022-00058	GRC Millinocket	02/28/22	02/02/23	Effective 01/01/23	\$267K	\$267K	
ME	2022-00059	GRC Oakland	02/28/22	02/02/23	Effective 01/01/23	\$110K	\$110K	
ME	2022-00321	WISC Greenville	10/26/22	11/29/23	Effective 02/01/23	\$16K	\$16K	

\* GRC = General Rate Case; WISC = Water Infrastructure Surcharge; WICA = Water Infrastructure and Conservation Adjustment; SIC = System Improvement Charge



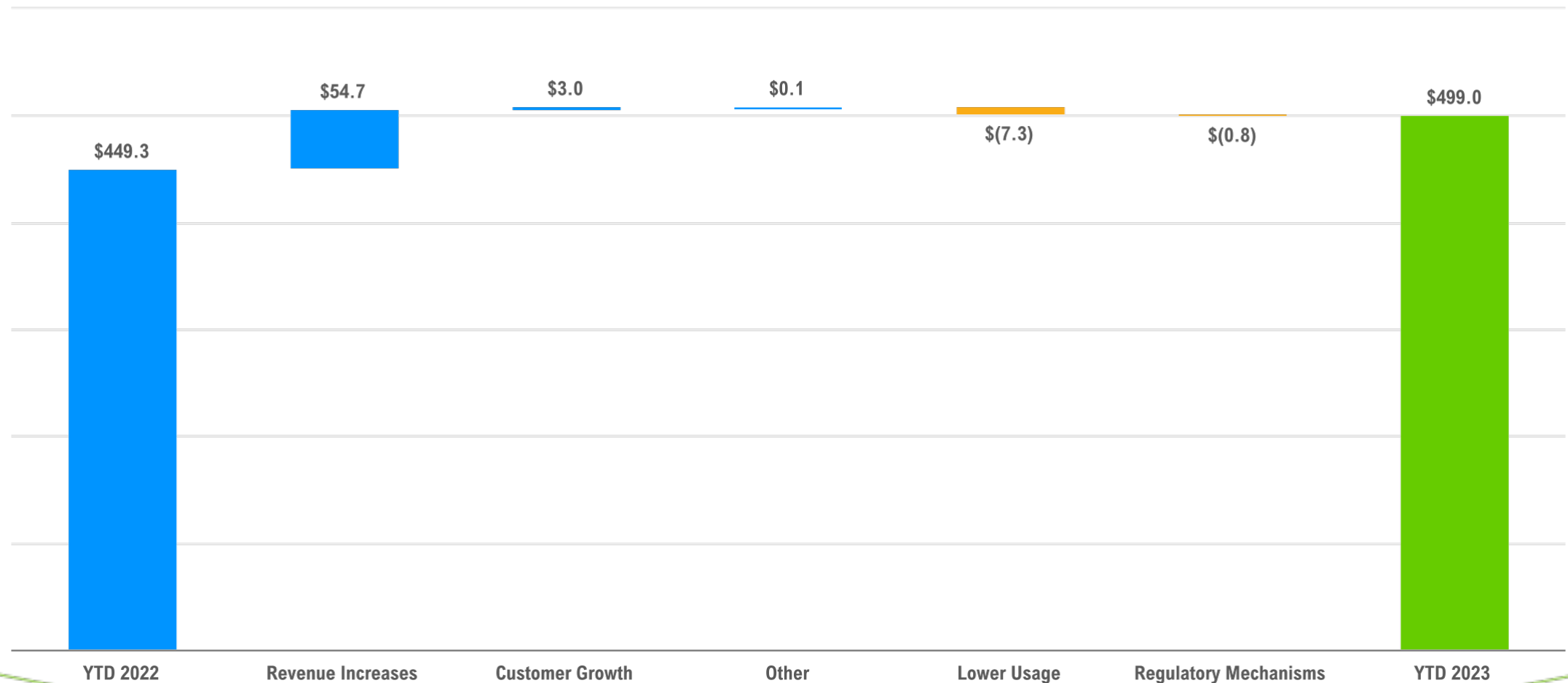
# 2023 Regulatory Filings Pending and Approved cont'd

State	Docket #	Type*	Filing Date	Order Date	Status	Revenue Requested (annualized)	Revenue Approved (annualized)	Comments
CT	20-12-30WI04	2022 WICA Rec.	01/25/23	03/29/23	Effective 04/01/23	\$(173K)	\$(173K)	Reconciles 2022 over 12 mos
CT	20-12-30WI05	WICA	01/26/23	03/22/23	Effective 04/01/23	\$3.3M	\$3.3M	\$27.8M of investment
CT	20-12-30WI06	WICA	07/27/23	09/25/23	Effective 11/01/23	\$1.3M	\$1.3M	\$11.5M of investment
CT	23-08-32	GRC	10/03/23	--	To be effective 7/01/24	\$21.4M	--	18.1% increase; 10.5% ROE
TX	54283	SAWS CCN Transfer	10/28/22	06/15/23	Approved on 06/15/23	--	--	Added 520 acres to water CCN and 314 acres to sewer CCN
TX	54530	Acquisition – KT Water	01/03/23	07/24/23	Closed: 08/16/23 Final Order: 4Q23	--	--	575 connections; FMV and filed rate doctrine
TX	54840	Acquisition – Elm Ridge	04/10/23	--	Closing: 4Q23 Final Order: 2Q24	--	--	21 connections; filed rate doctrine
TX	55197	Kendall West Water Pass-Through Charge	06/30/23	--	Effective 08/01/23	\$315K	--	Pass-through charge increasing from \$2.56 to \$5.30 per kgal
TX	54612	Canyon Lake Water Pass-Through Charge	01/31/23	07/12/23	Effective 03/01/23	\$130K	\$130K	Pass-through charge increasing from \$0.90 to \$1.03 per kgal
TX	54430	SIC	12/30/22	--	Q1'24	\$1.6M	--	Rate base of \$14.8M
						<b>\$77.0M</b>		

\* GRC = General Rate Case; WISC = Water Infrastructure Surcharge; WICA = Water Infrastructure and Conservation Adjustment; SIC = System Improvement Charge

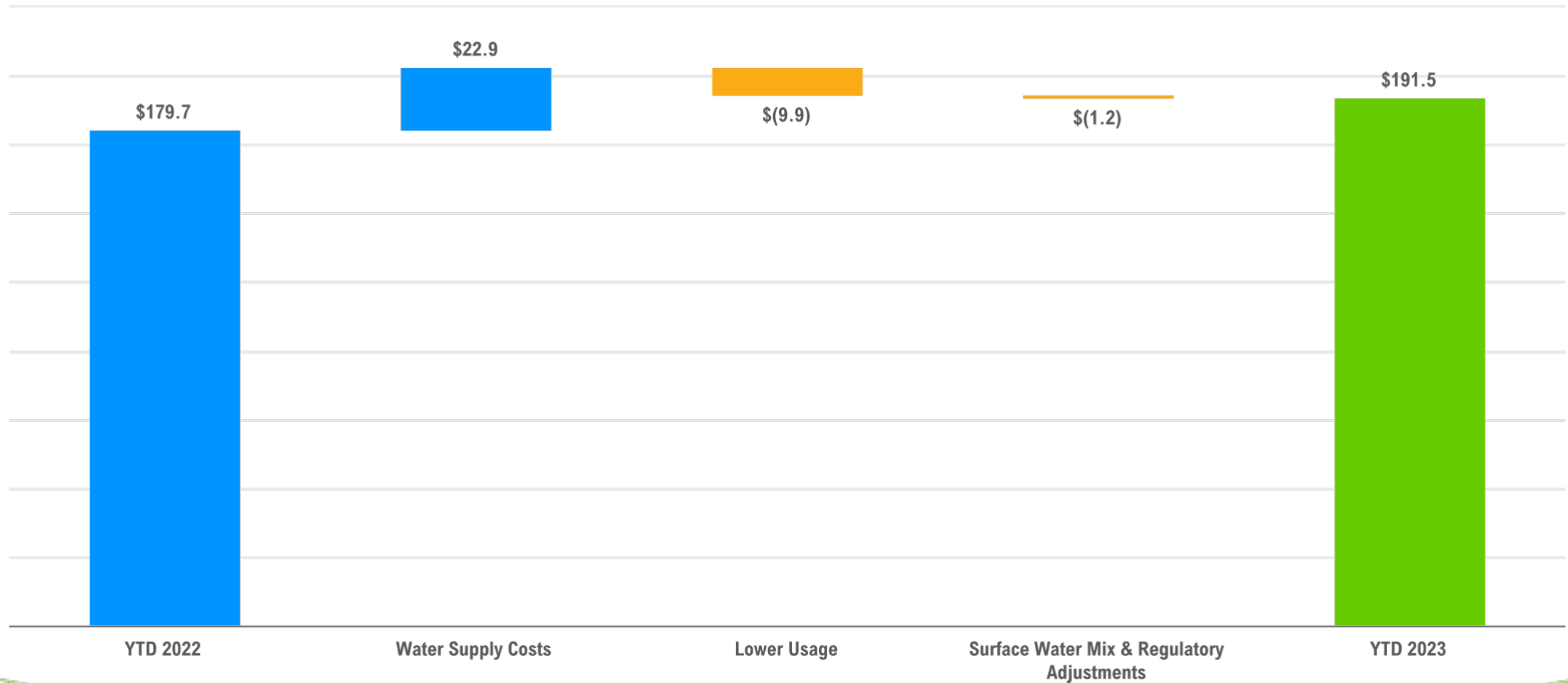
# YTD Revenue Increased 11%

Change in Revenue (\$M): YTD 2023 - YTD 2022



# YTD Water Production Expenses Increased 7%

Change in Water Production Expenses (\$M): YTD 2023 - YTD 2022



# YTD Other Operating Expenses Increased 4%

Change in Other Operating Expenses (\$M): YTD 2023 - YTD 2022

