

Financial Results Call Presentation

Third Quarter 2024



American States
Water Company

November 7, 2024

NYSE: AWR

Today's Presenters

Robert J. Sprowls

President & CEO



Eva G. Tang

SVP – Finance & CFO



Forward-Looking Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can often be identified by words such as “anticipate,” “estimate,” “expect,” “intend,” “may,” “should” and similar phrases and expressions, and variations or negatives of these words. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them.

The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors, including those described in greater detail in the company’s filings with the Securities and Exchange Commission (“SEC”), particularly those described in the company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Readers are encouraged to review the company’s filings with the SEC for a more complete discussion of the risks and other factors that could affect any forward-looking statements. The statements made herein speak only as of the date of this presentation and except as required by law, the company does not undertake any obligation to publicly update or revise any forward-looking statement.

Non-GAAP Financial Measures



This conference call includes a discussion of certain measures that are not prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States, and constitute "non-GAAP financial measures" under SEC rules. These non-GAAP financial measures are derived from consolidated financial information but are not presented in our financial statements that are prepared in accordance with GAAP.

The non-GAAP financial measures discussed in this conference call include a discussion of diluted earnings per share by business segment and adjusted diluted earnings per share. The impact of retroactive rates related to the full year of 2022 recorded during the nine months ended September 30, 2023 resulting from the final decision on the water general rate case, approved in June 2023, and the impact from the reversal of revenues subject to refund due to a change in estimates recorded during the nine months ended September 30, 2023 following the receipt of a final cost of capital decision in June 2023 have been excluded in this analysis when communicating AWR’s consolidated and water segment results for the nine months ended September 30, 2024 and 2023 to help facilitate comparisons of AWR’s performance from period to period.

These non-GAAP financial measures supplement our GAAP disclosures and should not be considered as alternatives to the GAAP measures. Furthermore, the non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures of other registrants. The company uses these non-GAAP measures in evaluating its operating results and believes these measures are useful internal benchmarks in evaluating the performance of its operating segments. The company reviews these measures regularly and compares them to historical periods and to the operating budget. The computations and reconciliations of non-GAAP measures to the most directly comparable GAAP measure are provided in this presentation.

Presentation Overview

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Q3 2024 Highlights

- Recorded consolidated diluted earnings per share increased \$0.10 per share for the quarter and decreased \$0.40 per share year-to-date, or increased \$0.11 per share adjusted year-to-date when compared to 2023 earnings:
 - ✓ Q3 2024: \$0.95 per share recorded
 - ✓ Q3 2023: \$0.85 per share recorded
 - ✓ YTD 2024: \$2.42 per share recorded
 - ✓ YTD 2023: \$2.82 per share recorded or \$2.31 per share adjusted
- Our regulated utilities invested \$172.5 million in company-funded infrastructure year-to-date and are on pace to invest \$210-\$230 million for the year
- **Settlement reached between GSWC and Cal Advocates** in general rate case that will determine new water rates for 2025-2027 and authorizes the investment in capital infrastructure of \$573.1 million over a three-year capital cycle

Q3 2024 Highlights (Continued)

- **Settlement reached between BVES, Cal Advocates and the other intervenor** in general rate case that will authorize, among other items:
 - ✓ new electric rates for 2023-2026, with rates retroactive to January 1, 2023 and
 - ✓ the investment in capital infrastructure totaling \$75.6 million over the four-year rate cycle including advice letter projects
- ASUS expects to contribute \$0.54 to \$0.57 per share for the full 2024 year
- ASUS has been awarded a record high \$54 million in new capital upgrade construction projects through year-to-date September 2024 to be completed during 2024 through 2027

Q3 Diluted EPS by Segment



| | Q3 2024 | Q3 2023 | Variance |
|--|----------------|----------------|----------------|
| Water | \$ 0.84 | \$ 0.72 | \$ 0.12 |
| Electric | 0.02 | 0.04 | (0.02) |
| Contracted Services | 0.11 | 0.12 | (0.01) |
| AWR (Parent) | (0.02) | (0.02) | - |
| Consolidated Diluted EPS as recorded (GAAP) | \$ 0.95 | \$ 0.85 | \$ 0.10 |

Note: Certain amounts in the table above may not foot or crossfoot due to rounding.

Q3 Operating Revenues by Segment



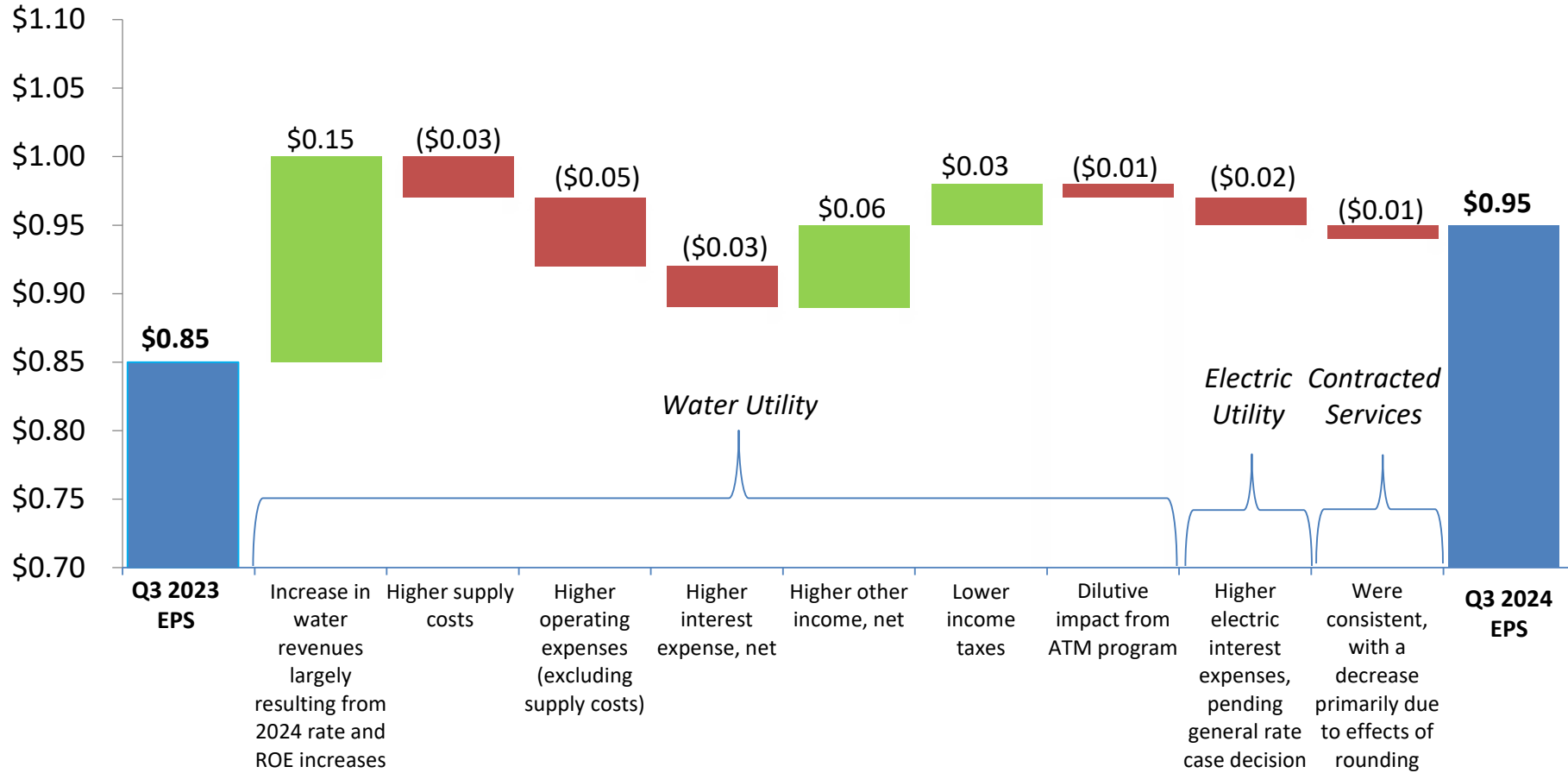
| (amounts in millions) | Q3 2024 | Q3 2023 | Variance |
|---------------------------------|---------|---------|----------|
| Water | \$124.0 | \$116.2 | \$7.8 |
| Electric | 9.0 | 9.0 | - |
| Contracted Services | 28.7 | 26.5 | 2.2 |
| Total Operating Revenues | \$161.7 | \$151.7 | \$10.0 |

Q3 Expenses (Excluding income taxes)



| (amounts in millions) | Q3 2024 | Q3 2023 | Variance |
|---|---------|---------|----------|
| Water and Electric Supply Costs | \$38.1 | \$36.6 | \$1.5 |
| Other Operation | 11.0 | 10.4 | 0.6 |
| Administrative and General | 24.2 | 21.0 | 3.2 |
| Depreciation and Amortization | 10.8 | 10.2 | 0.6 |
| Maintenance | 3.7 | 4.1 | (0.4) |
| Property and Other Taxes | 7.1 | 6.0 | 1.1 |
| ASUS Construction | 11.8 | 11.6 | 0.2 |
| Total Operating Expenses | \$106.7 | \$99.9 | \$6.8 |
| Interest Expense, net of (Interest Income) | \$11.5 | \$9.6 | \$1.9 |
| Other Income, net of (Other Expense) | \$2.3 | (\$1.1) | \$3.4 |

EPS Bridge Q3 2023 to Q3 2024



Note: Certain amounts in the bridge above may not foot or crossfoot due to rounding.

YTD Diluted EPS by Segment



| | YTD 2024 | YTD 2023 | Variance |
|---|----------------|----------------|------------------|
| Water | \$ 1.99 | \$ 2.36 | \$ (0.37) |
| Electric | 0.07 | 0.14 | (0.07) |
| Contracted Services | 0.44 | 0.38 | 0.06 |
| AWR (Parent) | (0.07) | (0.06) | (0.01) |
| Consolidated Diluted EPS as recorded (GAAP) | \$ 2.42 | \$ 2.82 | \$ (0.40) |
| Adjustments to GAAP measure: | | | |
| Impact of retroactive rates related to the full year of 2022 from the final decision in the water general rate case | - | (0.38) | 0.38 |
| Impact related to the final cost of capital decision (1) | - | (0.13) | 0.13 |
| Consolidated Diluted EPS as adjusted (Non-GAAP) | \$ 2.42 | \$ 2.31 | \$ 0.11 |
| Water Diluted EPS as adjusted (Non-GAAP) | \$ 1.99 | \$ 1.85 | \$ 0.14 |

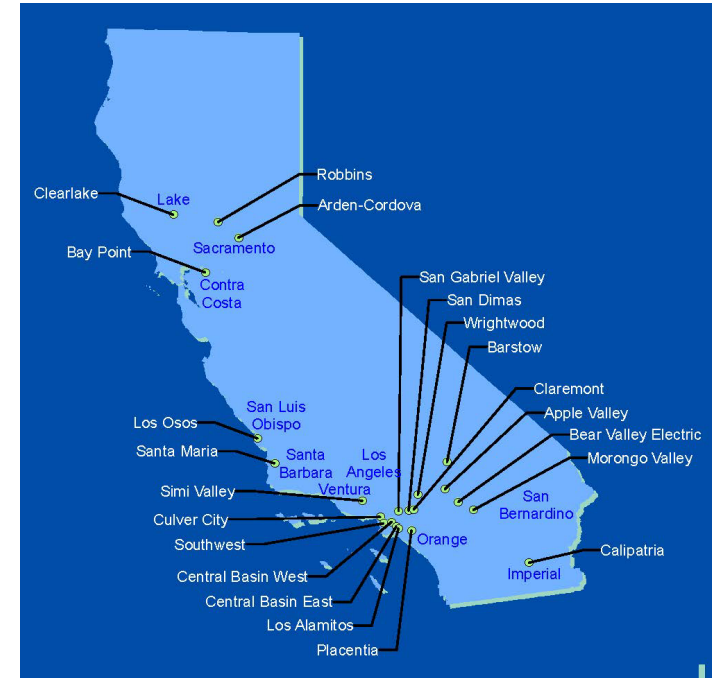
Note: Certain amounts in the table above may not foot or crossfoot due to rounding.

(1) The impact of the final cost of capital decision resulted in the reversal in June 2023 of revenues subject to refund recorded in 2022.

- Operating cash flows were \$134.2 million for YTD 2024, as compared to \$56.5 million for YTD 2023 largely from:
 - ✓ GSWC's implementation of:
 - 2024 third-year rate increases;
 - Surcharges to recover all retroactive revenues accumulated from 2022 through July 30, 2023 (implemented in October 2023)
 - ✓ Higher water consumption compared to the same period in 2023
 - ✓ ASUS: timing of billing and cash receipts from construction work performed
- Regulated utilities invested \$172.5 million on company-funded capital work for YTD 2024
 - ✓ Capital expenditures for 2024 are expected to be \$210-\$230 million
- Financing Activities:
 - ✓ In February 2024, AWR entered into an Equity Distribution Agreement to sell Common Shares through an at-the-market offering program of up to \$200 million over a three-year period. During nine months ended September 30, 2024, AWR sold 791,097 common shares and raised proceeds of \$59.3 million net of issuance costs and legal costs incurred.
- Credit ratings:
 - ✓ S&P: A and A+ credit ratings for AWR and GSWC, respectively, with stable outlook for both companies
 - ✓ Moody's: A2 rating with a stable outlook for GSWC

Regulatory Activity

- On July 12, 2024, GSWC and the Public Advocates Office (“Cal Advocates”) of the CPUC filed a joint motion to adopt a settlement agreement between the two parties in connection with the water utility general rate case. The CPUC is scheduled to issue a proposed decision in the water general rate case by the end of 2024, with new rates to become effective January 1, 2025. If approved, it resolves most issues related to the calculation of the 2025 annual revenue requirement except two unresolved issues. If approved, the settlement would:
 - ✓ Authorize investment of approximately \$573.1 million in capital infrastructure over the three-year capital cycle, including \$17.7 million of advice letter capital investments for revenue recovery for second and third year attrition increases when projects are completed.
 - ✓ Authorize advice letter capital investments already under construction at the beginning of 2023 of \$58.2 million also for revenue recovery during second and third year attrition increases when projects are completed.
 - ✓ Excluding revenues for advice letter capital projects:
 - Adopted operating revenues less water supply costs for 2025 are projected to increase by approximately \$23 million when compared to 2024.
 - Potential additional revenue increases of approximately \$20 million for each of the years 2026 and 2027 based on inflation factors.



Regulated Utilities - Customer Service Areas

Regulatory Activity (Continued)

- ✓ Two unresolved 2025 revenue requirement issues:
 - Sales forecast
 - Supply mix
- ✓ In addition, GSWC requested certain regulatory mechanisms that will be litigated:
 - a full sales and revenue decoupling mechanism and full cost balancing account for water supply,
 - a sales reconciliation mechanism,
 - a supply mix adjustment mechanism, and
 - a request to modify the existing PFAS memorandum account to track carrying costs on capital investments needed to comply with new PFAS regulations
- ✓ A proposed decision is scheduled to be issued by the end of 2024 with rates effective January 1, 2025
- ✓ CA Supreme Court set aside CPUC's order that discontinued the future use of full decoupling mechanisms

Regulatory Activity (Continued)

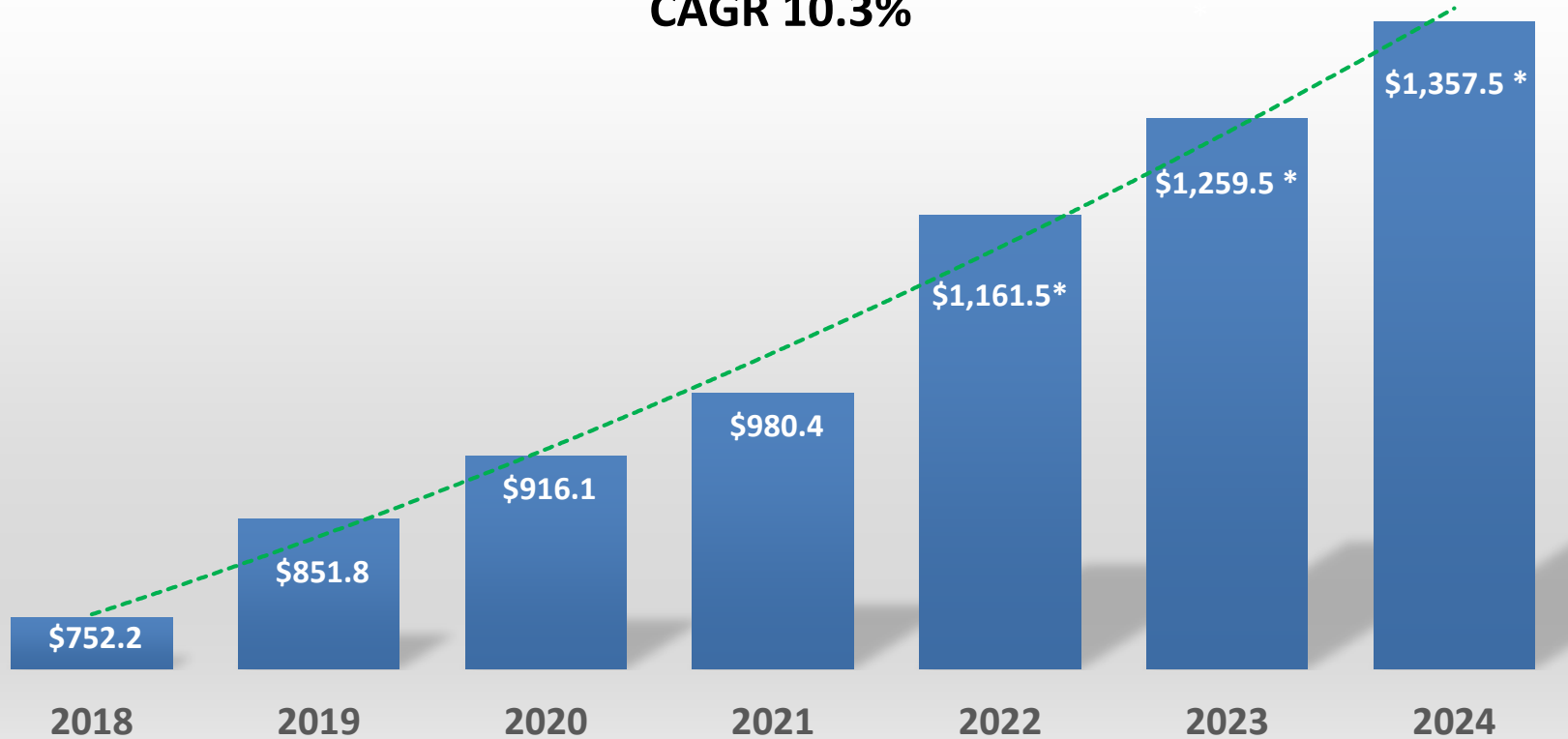
- On November 1, 2024, BVES, Cal Advocates and the other intervenor in the proceeding filed a joint motion to adopt a settlement agreement between all parties resolving all issues in the general rate case. The CPUC is scheduled to issue a proposed decision in the electric general rate case by the first quarter of 2025, with new rates retroactive to January 1, 2023 and cumulative adjustments to be recorded when approved. Also, if approved by the CPUC, it settles and adopts the revenue requirements for each of the four years from 2023-2026 and, among other items, it would:
 - ✓ Authorize BVES to invest approximately \$52.5 million in capital infrastructure included in base rates over the four-year rate cycle and an additional \$23.1 million (plus AFUDC) to be filed for revenue recovery through advice letters when the projects are completed;
 - ✓ Adopt a cost of capital that increases BVES's adopted return on equity from 9.6% to 10.0%, lowers the cost of debt from 6.6% to 5.51%, and maintains the capital structure of 57% equity and 43% debt, and
 - ✓ Approve for recovery requested capital expenditures and other incremental operating costs already incurred in connection with BVES's wildfire mitigation plans that are currently not included in customer rates.
 - ✓ Excluding revenues from the advice letter capital projects:
 - Adopted operating revenues less electric supply costs for 2023 are projected to increase by approximately \$5.1 million when compared to 2022.
 - Increases in adopted operating revenues of \$2.2 million for each of the years 2024 and 2025 and by \$3.3 million in 2026. Rate increases for 2024-2026 are not subject to an earnings test.
 - ✓ Additional annual operating revenues of approximately \$3 million when the \$23.1 million (plus AFUDC) advice letter projects are completed, placed in service and filed for recovery.

GSWC Adopted Average Water Rate Base



(in millions)

CAGR 10.3%



* Based on the final decision in the general rate case covering 2022-2024 and includes approximately \$9.4 million in advice letter projects.

Contracted Services (ASUS)

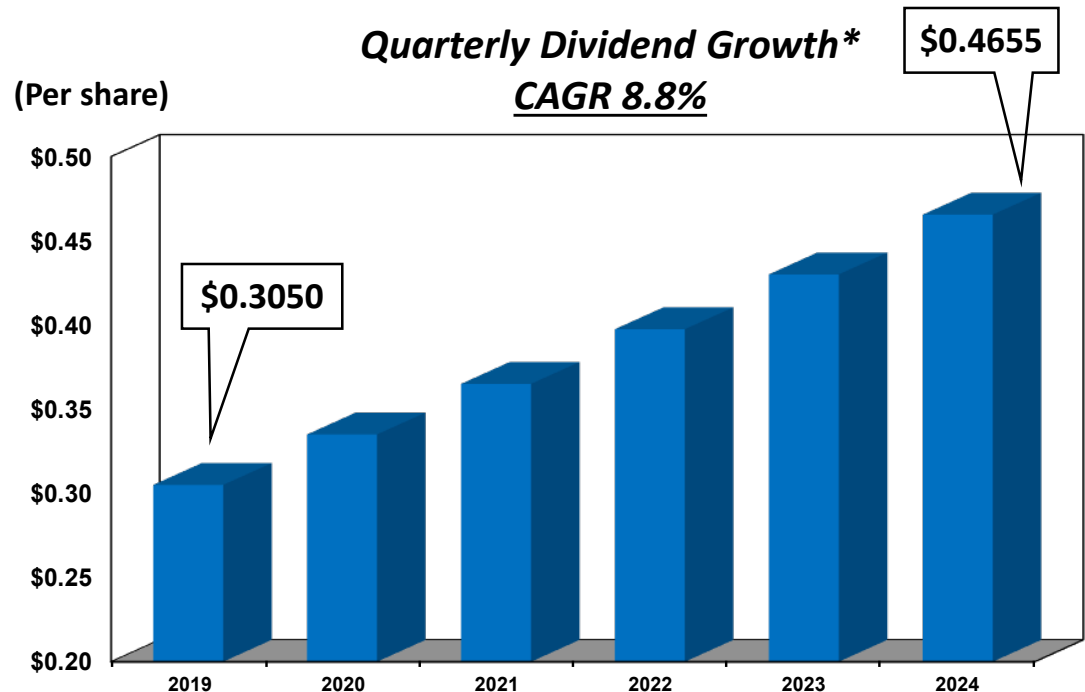
- Earnings for Q3 2024 were \$0.11 per share as compared to \$0.12 per share for Q3 2023. Earnings at ASUS were consistent compared to the same period in 2023 with a decrease that was primarily due to rounding.
- YTD 2024 earnings were \$0.44 per share as compared to \$0.38 per share for the same period of 2023.
- ASUS is projected to contribute \$0.54 - \$0.57 per share in 2024.
- ASUS received \$54.0 million in new capital upgrade awards year-to-date compared to \$25.2 million awarded for the full year of 2023.
- ASUS is projected to contribute \$0.59 - \$0.63 per share in 2025.
- We are confident that we can effectively compete for new military base contract awards in the future, based on our strong history and expertise.
- The completion of filings for economic price adjustments requests for equitable adjustment, asset transfers and contract modifications awarded for new projects provide ASUS with additional revenues and dollar margin.



Serving Those Who Serve®

Dividends

- The Board of Directors have approved a fourth quarter cash dividend of \$0.4655 per share; quarterly dividend rate has grown at a compound annual growth rate of 8.8% over the last 5 years
- On pace to achieve a 10-year CAGR of 8% in the calendar year dividend payments
- Dividend policy: CAGR of **more than 7%** over the long term continues to be met
- Dividends paid every year since 1931
- Increased dividend every calendar year for **70 consecutive years**



*Increases to quarterly dividends have been announced in the third quarter of each year.

Questions and Answers

Computations and Reconciliations of Non-GAAP Financial Measures



Below are the computations and reconciliations of diluted earnings per share from the measure of operating income by business segment to AWR's consolidated diluted earnings per share for the three and nine months ended September 30, 2024 and 2023:

| In 000's except per share amounts | Water | | Electric | | Contracted Services | | AWR (Parent) | | Consolidated (GAAP) | |
|---|-----------|-----------|----------|----------|---------------------|----------|--------------|-----------|---------------------|-----------|
| | Q3 2024 | Q3 2023 | Q3 2024 | Q3 2023 | Q3 2024 | Q3 2023 | Q3 2024 | Q3 2023 | Q3 2024 | Q3 2023 |
| Operating income (loss) | \$ 46,846 | \$ 43,243 | \$ 2,042 | \$ 2,049 | \$ 6,182 | \$ 6,204 | \$ (2) | \$ 255 | \$ 55,068 | \$ 51,751 |
| Other (income) and expense | 6,052 | 7,820 | 1,325 | 754 | 436 | 428 | 1,365 | 1,637 | 9,178 | 10,639 |
| Income tax expense (benefit) | 9,228 | 8,830 | 135 | (154) | 1,425 | 1,430 | (732) | (559) | 10,056 | 9,547 |
| Net income (loss) | \$ 31,566 | \$ 26,593 | \$ 582 | \$ 1,449 | \$ 4,321 | \$ 4,346 | \$ (635) | \$ (823) | \$ 35,834 | \$ 31,565 |
| Weighted Average Number of Diluted Shares | 37,683 | 37,071 | 37,683 | 37,071 | 37,683 | 37,071 | 37,683 | 37,071 | 37,683 | 37,071 |
| Diluted earnings (loss) per share | \$ 0.84 | \$ 0.72 | \$ 0.02 | \$ 0.04 | \$ 0.11 | \$ 0.12 | \$ (0.02) | \$ (0.02) | \$ 0.95 | \$ 0.85 |

| In 000's except per share amounts | Water | | Electric | | Contracted Services | | AWR (Parent) | | Consolidated (GAAP) | |
|---|------------|------------|----------|----------|---------------------|-----------|--------------|------------|---------------------|------------|
| | YTD 2024 | YTD 2023 | YTD 2024 | YTD 2023 | YTD 2024 | YTD 2023 | YTD 2024 | YTD 2023 | YTD 2024 | YTD 2023 |
| Operating income (loss) | \$ 116,578 | \$ 134,006 | \$ 6,416 | \$ 7,783 | \$ 22,801 | \$ 19,854 | \$ (5) | \$ 218 | \$ 145,790 | \$ 161,861 |
| Other (income) and expense | 18,484 | 16,743 | 3,094 | 1,959 | 1,148 | 1,042 | 4,420 | 4,121 | 27,146 | 23,865 |
| Income tax expense (benefit) | 23,539 | 29,674 | 656 | 794 | 5,307 | 4,621 | (1,691) | (1,586) | 27,811 | 33,503 |
| Net income (loss) | \$ 74,555 | \$ 87,589 | \$ 2,666 | \$ 5,030 | \$ 16,346 | \$ 14,191 | \$ (2,734) | \$ (2,317) | \$ 90,833 | \$ 104,493 |
| Weighted Average Number of Diluted Shares | 37,409 | 37,064 | 37,409 | 37,064 | 37,409 | 37,064 | 37,409 | 37,064 | 37,409 | 37,064 |
| Diluted earnings (loss) per share | \$ 1.99 | \$ 2.36 | \$ 0.07 | \$ 0.14 | \$ 0.44 | \$ 0.38 | \$ (0.07) | \$ (0.06) | \$ 2.42 | \$ 2.82 |

Note: Certain amounts in the tables above may not foot or crossfoot due to rounding.