

DELIVERING
UNINTERRUPTED
CRITICAL SERVICE



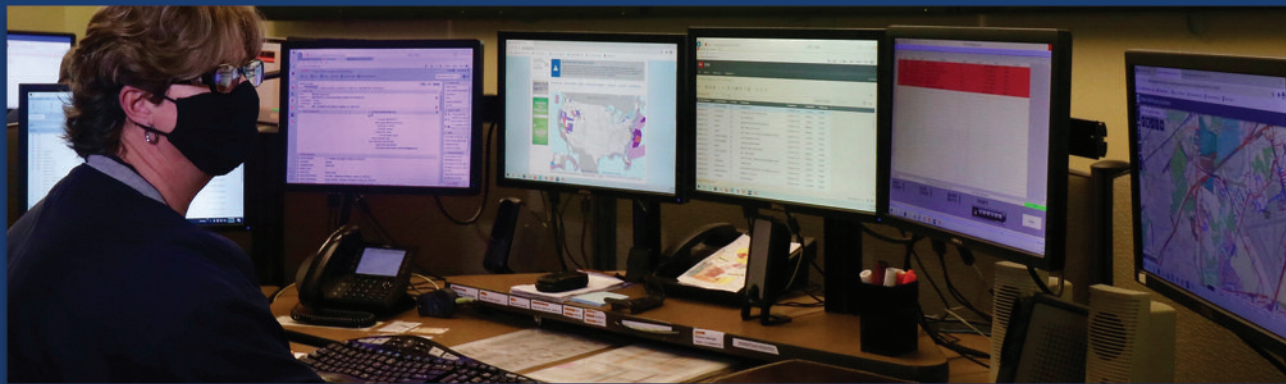
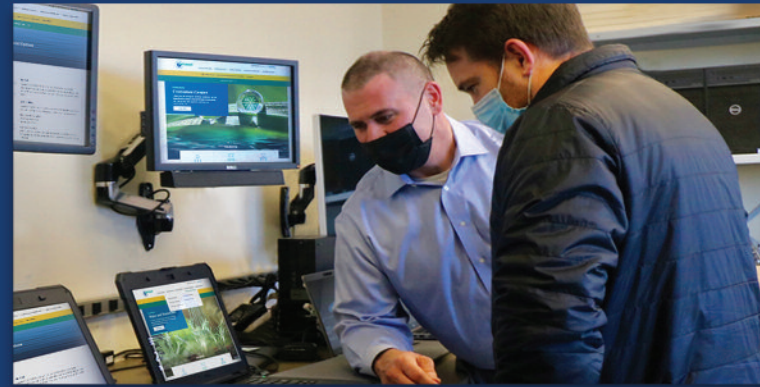
ARTESIAN RESOURCES CORPORATION 2020 Annual Report





OUR ESSENTIAL EMPLOYEES

UPHELD ARTESIAN'S CORE MISSION



On the Cover
(top to bottom)

Our customer service department is available in person to assist customers while implementing proper protocols and ensuring the safety of our customers and employees.

Our crews work around-the-clock to ensure reliable service to our customers, regularly visiting our 72 treatment facilities and performing necessary maintenance.

Continued growth in the areas we serve and our commitment to reliable, high-quality water service includes the need to install new water main, and the renewal and rehabilitation of existing mains. In the past year alone, we renewed 2.3 miles of main.

Pictured Above:

Our IT team (top picture), our 24/7 dispatch center (middle), and our field employees (bottom picture), as well as our many other employees not shown, are all dedicated to providing reliable, high-quality service so essential to our customers.


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Artesian, as an essential business, upheld its core mission throughout the COVID-19 pandemic to provide uninterrupted critical services to our customers. While Artesian continues to remain focused on our strategic mission of investing in infrastructure and growth, our essential employees demonstrated Artesian's commitment to provide water and wastewater services 24/7, maintaining a record safety rating while water demands hit an all-time high in 2020.

**FOR MORE INFORMATION ABOUT
ARTESIAN RESOURCES CORPORATION,
PLEASE VISIT US: [artesianresources.com](https://www.artesianresources.com)**

COMPANY OVERVIEW

The logo of Artesian Water Company is a stylized, geometric emblem. It consists of a central square divided into four quadrants by a cross. Each quadrant contains a complex, interlocking pattern of lines and shapes that resemble a water drop or a stylized letter 'A'. The logo is rendered in a light blue color and is centered within a circular frame. This circular frame is part of a larger graphic design on the left side of the page, which features several overlapping circles of varying shades of blue, creating a sense of depth and movement.

It all started in 1905 when Aaron K. Taylor began to supply a new housing development in New Castle County, Delaware with water that ran directly into homes; and so Artesian Water Company was formed. From small beginnings as a local water company to today as a total water resource management company, Artesian has flourished and is now the largest regulated investor owned water utility on the Delmarva Peninsula and the ninth largest in the nation.

Since 1905 we have expanded our territory and now provide water and wastewater solutions to the state of Delaware and water supply to nearby Cecil County, Maryland.

We are engaged in a wide variety of activities from identifying new sources of supply to developing wells, treatment plants and delivery systems, and to planning, building and managing responsible wastewater treatment systems.

We not only serve our customers but we serve our communities as well through our employee involvement with various charities throughout our service area.

We are dedicated to our mission to provide our customers with the very best service possible.

COMPANY HIGHLIGHTS

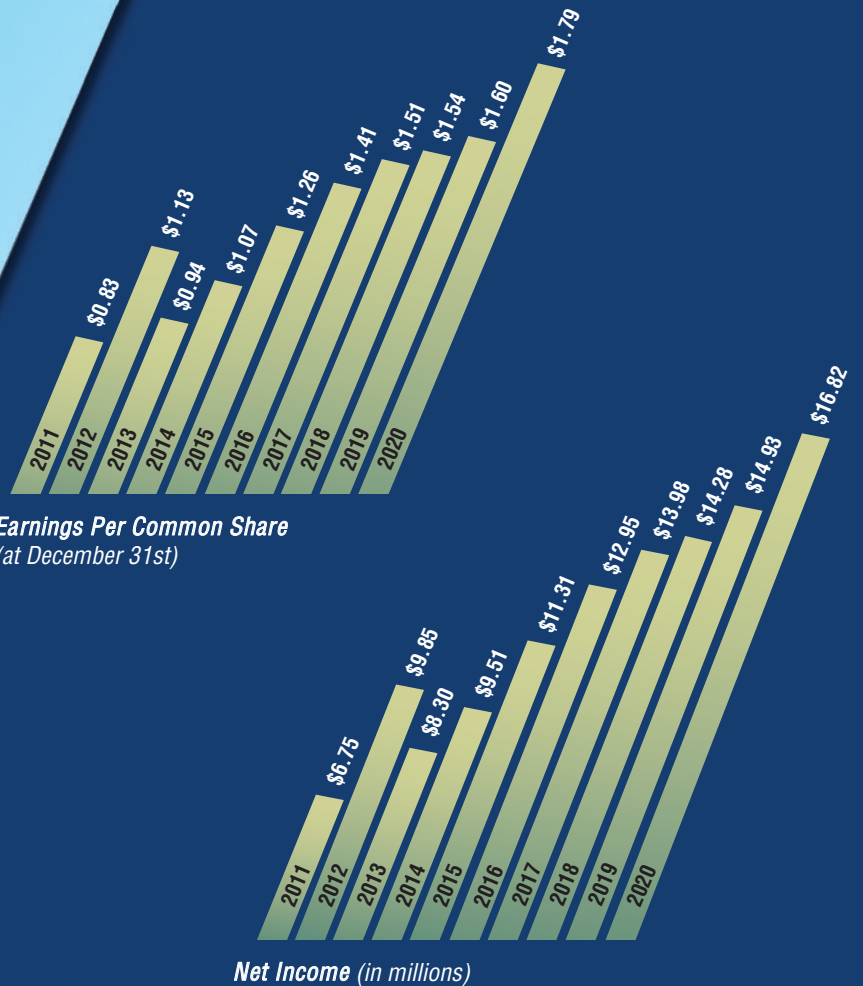
- Completed the acquisition of the town of Frankford's water system as part of Artesian's growth strategy in Sussex County.
- Completed the acquisition of the water system of Delaware City after an 18-year-long operations partnership.
- Increased water service customer base by 2.8%.
- Increased wastewater customer base by almost 14.9%, outpacing 2019's historic growth rate.
- Renewed over 2.3 miles of main and 35 services, and replaced nine fire hydrants, as part of the Company's plan for replacing older transmission and distribution systems that are reaching the end of their useful lives.
- Installed an interconnection to supply water to the town of Dagsboro in Sussex County once Artesian completes construction of a new 2.0-million-gallon-per-day (mgd) water treatment plant in 2021.
- Increased available water capacity by 2.5 mgd upon completion of construction of the Hyetts Corner and Riverside water treatment plants.
- Installed an interconnection with the town of North East, Maryland to provide water supply in the growth corridor of Cecil County, Maryland.





FINANCIAL HIGHLIGHTS

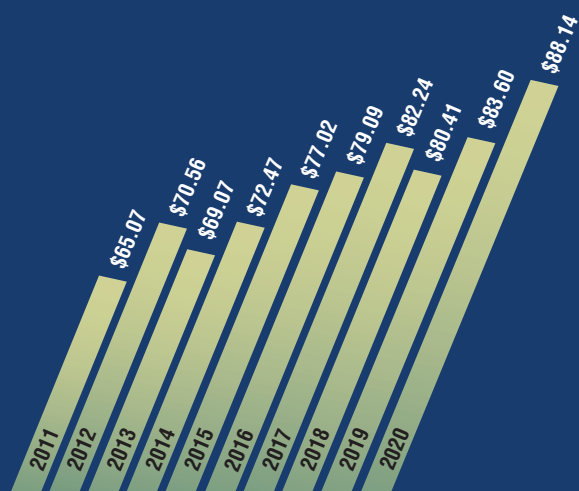
Jennifer L. Finch, CPA, was named Corporate Treasurer and Senior Vice President of Finance of Artesian Resources Corporation and subsidiaries by the Board of Directors in 2020. Jennifer has had over 30 years of accounting, auditing and tax experience in both public practice and private industry. She has been with Artesian for 12 years. Her promotion is a testament to her outstanding contributions in financial management, planning and performance. Jennifer's expanded role will position her to play an integral part in corporate strategic planning with respect to financial projections, funding and investments, and risk management.



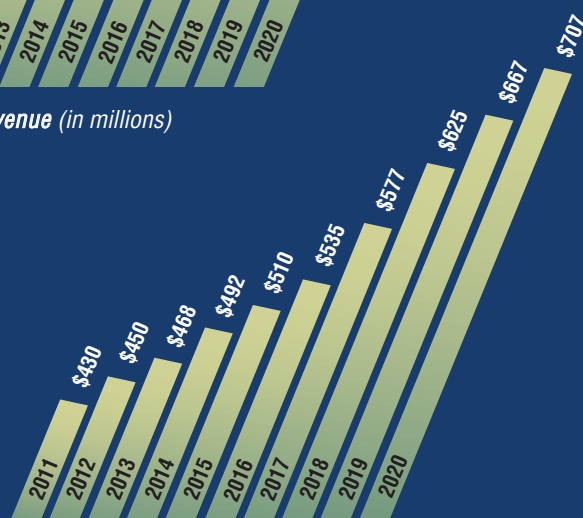
10 YEAR SUMMARY OF FINANCIAL HIGHLIGHTS

For the year ended December 31,

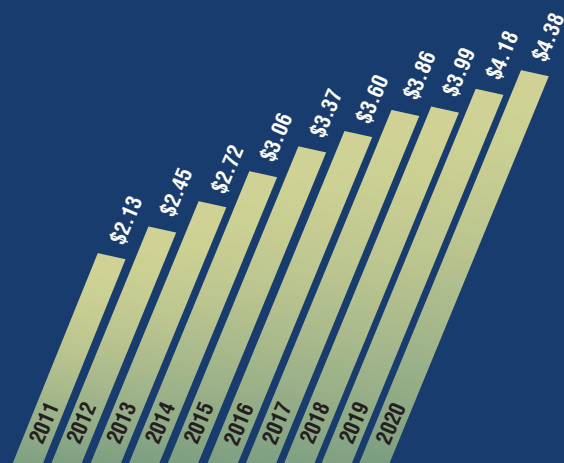
<i>per share amounts</i>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues	\$ 88.14	\$ 83.60	\$ 80.41	\$ 82.24	\$ 79.09	\$ 77.02	\$ 72.47	\$ 69.07	\$ 70.56	\$ 65.07
Operating Expenses	\$ 65.85	63.67	61.46	62.64	60.27	59.44	56.42	54.59	54.71	51.33
Operating Income	\$ 22.30	19.93	18.96	19.60	18.82	17.58	16.05	14.48	15.85	13.74
Net Income	\$ 16.82	14.93	14.28	13.98	12.95	11.31	9.51	8.30	9.85	6.75
Net Income Per Common Share - Diluted	\$ 1.79	1.60	1.54	1.51	1.41	1.26	1.07	0.94	1.13	0.83
Cash Dividend Per Common Share	\$ 1.01	0.98	0.95	0.93	0.90	0.87	0.85	0.82	0.79	0.76
Rate Base	\$ 315.71	\$ 267.55	\$ 258.56	\$ 249.00	\$ 240.39	\$ 233.46	\$ 235.69	\$ 225.10	\$ 220.05	\$ 214.42



Operating Revenue (in millions)



Utility Plant at Cost (in millions)



Service Line Protection Plan Revenue (in millions)

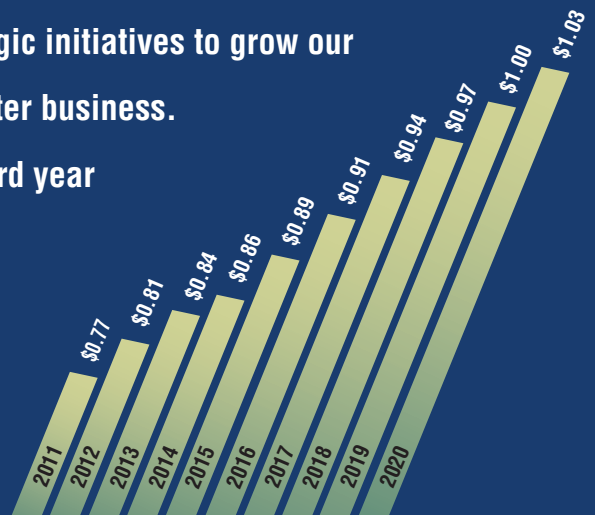
DEAR SHAREHOLDER



Dian C. Taylor
*Chair, President
and CEO*

Every year presents unexpected difficulties, but for many of us, 2020 was more challenging than any other year in memory. As the COVID-19 pandemic spread across our communities, we experienced tremendous upheaval in our working and personal lives. Through all of it, however, the employees of our water and wastewater companies performed admirably, providing critical services to ensure that our customers could maintain a clean and safe environment in their homes and businesses. Moreover, not only did we carry out our core mission of providing essential services to customers throughout the Delmarva Peninsula, but we also continued to focus on strategic initiatives to grow our water and wastewater business.

The result was a record year for earnings.



*Annualized Dividend Per Common Share
(at December 31st)*

It is my pleasure now to review the progress we have made and our path to continued success.

We reported \$88.1 million in revenues in 2020, an increase of 5.4% over 2019. Our net income increased 12.7% to \$16.8 million. Diluted earnings per share increased by 11.9%, to \$1.79. In recognition of the Company's sustained growth and record annual earnings, the Board approved a 3.0% increase in dividends paid to shareholders, raising the annualized dividend per share to \$1.0284 in November 2020.

A key contributor to our strong financial results in 2020 was the continued addition of water and wastewater customers served. We saw customer growth in our water business of 2.8%, and customer growth in our wastewater business of 14.9%. The added customers included people who relocated to our service areas, particularly those close to Delaware's beaches, from nearby urban centers. Also contributing to last year's

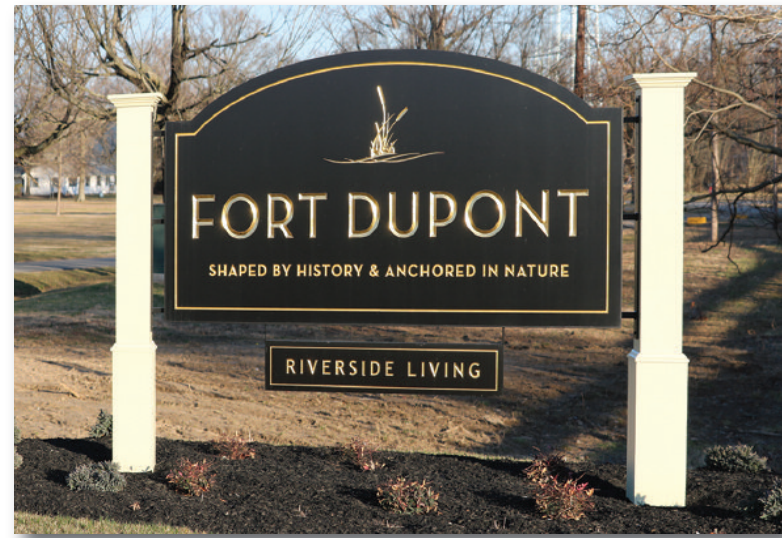
favorable results was increased water demand from our existing residential customers who, because of the pandemic, were working from home rather than in an office located elsewhere.

Pursuant to our strategic plan for growing our business, we completed the acquisition of two municipal water systems in Delaware during 2020. These two purchases were Artesian's sixth and seventh over the past three years, the Company having previously acquired the water systems of Slaughter Beach, High Point, Cantwell, Odessa and historic Fort DuPont.

On April 2, 2020, we acquired the water system of the town of Frankford, in Sussex County. The town, which neighbors Delaware's rapidly developing beach communities, is adjacent to Artesian's South Bethany water system and the soon-to-be-interconnected town of Dagsboro. To ensure continued reliability of service for this rapidly expanding area, Artesian will install over 7 miles of new water main and install 45 fire hydrants in 2021. This project will complete the regionalization of our water system in southeastern

Sussex County. This newly regionalized service area will cover over 20 square miles and serve nearly 6,000 existing customers and future growth. In addition, Artesian's Dagsboro Water Treatment Plant, currently under construction, will provide an additional supply of 2.0 million gallons per day (mgd) to the region.

with the water system for neighboring Fort DuPont, which is currently being redeveloped and revitalized. Our investments in Delaware City's system will not only enhance water pressure and reliability, but its interconnection with Fort DuPont will also provide the two communities with a stronger foundation for future economic development.



Our second acquisition in 2020, which we completed on August 3, was the water system of Delaware City, in New Castle County. That acquisition was the culmination of our 18 year operating partnership with the city. Artesian will invest over \$2.3 million to renew aging water mains, upgrade treatment technologies and enhance pumping efficiencies. The Delaware City water system will be interconnected

During 2020, we invested over \$40.0 million in critical infrastructure to ensure that our customers continue to enjoy safe, secure and high-quality utility service. These investments included our new Hyetts Corner Water Treatment Plant, located just below the C&D Canal in New Castle County. The plant is capable of providing 2 mgd of water to over 33,000 residents in the fast-growing Middletown-

Pictured top to bottom:

On April 2, 2020, Artesian acquired the town of Frankford's water system. This system will be interconnected with the town of Dagsboro and neighboring beach communities, serving an area of over 20 square miles.



Artesian's Dagsboro Water Treatment Plant, currently under construction, will provide an additional supply of 2.0 million gallons per day to the expanding regional system.

As we continue to expand, Artesian's Southern Maintenance Center in Dagsboro will provide an efficient location for storage and maintenance of equipment.





Pictured top to bottom:

Artesian completed the construction of the Riverside Water Treatment Plant in Kent County, Delaware.

Reflecting our commitment as an environmental steward, Artesian doubled its solar system footprint at the new Hyetts Corner Water Treatment Plant.



Inside the Hyetts Water Treatment Plant are the workings of the electrical, chemical and pipeline components that deliver reliable, safe, high-quality water to our customers.

Odessa-Townsend area. Additionally, reflecting our commitment to environmental responsibility, we doubled our solar power footprint at the Hyetts Corner facility. We also completed and placed in service the Riverside Water Treatment Plant in Kent County, providing additional supply to the area. Moreover, throughout 2020, we continued our proactive water main replacement program, renewing over 2.3 miles of main and 35 services, and replacing nine fire hydrants.

Preparing for Future Growth Opportunities

As part of our planning for the future, we have forged strong relationships throughout the state of Delaware. In Yorklyn, in northern New Castle County, we have partnered with the state to provide water service to a 119-acre area known as Auburn Valley that is poised for redevelopment. We are also engaged in three other active projects in northern New Castle County that will provide water service to planned logistics facilities that will total more than 5 million square feet and are expected to employ more than 3,000 people. In addition, Artesian has partnered with

Sussex County to provide water service to the underserved community of Ellendale and to manage the region's wastewater in the most efficient and environmentally responsible manner possible. Through this partnership, Artesian is providing customers with environmentally sound, reliable and cost-effective service.

Cecil County, Maryland-located at the top of the Chesapeake Bay and close to big-city amenities-is one of the most desirable areas in the country in which to live, work and play. And Artesian's ability to reliably deliver high-quality water in Cecil County is continuing to play a critical role in the area's economic development. As one example, Clene Nanomedicine announced its intent in late 2020 to fast-track construction of a 102,600-square-foot pharmaceutical manufacturing facility in the Principio Business Park. Clene is on the cutting edge of its industry, developing a new class of drugs called bioenergetic nanotherapeutics aimed at addressing neurodegenerative diseases such as ALS, Parkinson's and multiple sclerosis. In November,

Maryland Governor Larry Hogan recognized Clene as one of Maryland's Future 20, innovative start-ups likely to be the state's next major successful businesses. Although Clene's corporate offices are in Utah, about three-fourths of its employees are in Maryland, where Clene conducts all of its R&D, manufacturing and commercialization activities.



Nor is Clene's facility the only new building on the fast track for construction in the Principio Business Park. Interest in locating logistics operations in Cecil County remains high given its location in the I-95 mid-Atlantic corridor. As a result, two new warehouse facilities totaling 500,000 square feet are expected to be started in 2021 at Principio. In addition,

a firm that specializes in industrial real estate development is planning to proceed this year with construction of two buildings in Port Deposit at the site of the former Bainbridge Naval Training Center. The two buildings will total about 2 million square feet. Phase 1 of this construction will kick off with the development of about 420 acres of the 1,200-acre Bainbridge site.

All of this development activity in Cecil County is supported by our ongoing program to add additional sources of water supply. We are drilling new wells in the area of Principio Business Park, and we expect to put a second interconnection with the town of North East into service in 2021 to tie into our Route 40 service area between North East and Elkton.

Elkton recently approved a transformational master development project on 630 acres, which is expected to break ground within the next year. The mixed-use project will include both residential and light-industrial construction. We continue to provide 250,000 gallons per day of water to the town of Elkton, and 113,000 gallons per day to the town of Chesapeake City through interconnections with each town.

Artesian has remained focused on expansion opportunities and relationships in Cecil County, Maryland by providing additional sources of water supply and establishing interconnections with neighboring systems.

North East, at the head of the Chesapeake Bay, is equidistant from Baltimore and Philadelphia. This ideal location is poised for substantial residential and commercial development.

Elkton has a population of over 15,000 people and is fast becoming one of the most desirable places to work and live. Artesian provides 250,000 gallons of water per day to the town of Elkton and 113,000 gallons a day to the town of Chesapeake City through interconnections.

Phase 1 commercial development on 420 of the 1,200 acres at the Bainbridge Naval Training Center in Port Deposit will begin in 2021.

Clene Nanomedicine (Clene) announced in 2020 its intent to fast-track construction of a 102,600 square foot pharmaceutical manufacturing facility in the Principio Business Park.



In February 2021, Rodney Wyatt was appointed Vice President of Artesian Wastewater Management, Inc. Rodney joined Artesian in 2005 with over 40 years of professional engineering and operations management experience in the water and wastewater fields. In his new role, Rodney will be responsible for managing Artesian's water recharge program, which provides the best possible treatment and disposal of wastewater in a safe, environmentally beneficial manner. He will also have a key role in planning, engineering and construction, as well as in the regionalization of smaller systems and implementation of new systems.



Rodney Wyatt was appointed Vice President of Artesian Wastewater Management, Inc.



The effluent from Artesian's lagoon systems is treated to land application standards for spray irrigation, while retaining its high-nutrient content.

Page 17 (left to right)

Artesian ensures the wastewater process is environmentally beneficial and done safely. From our proper collection, treatment and disposal, to the spray irrigation that recharges our ground water.

Our wastewater subsidiary increased its customer base by 14.9% last year, outpacing its historic 2019 growth rate. The subsidiary added three new developments and nine new phases of existing developments to its service area in Sussex County. We have made significant efforts over the last few years to interconnect our wastewater treatment plants to create a regional system that will let us add customers throughout our service territory without having to construct expensive smaller systems. An interconnected system will also allow for more efficient and cost-effective treatment of effluent. One of the steps we

The culmination of this project will be the construction of a new 625,000-gallon-per-day wastewater treatment facility at our Sussex Regional Recharge Facility on the northern side of our service territory. The new facility will incorporate a 3.0 million-gallon equalization and diversion lagoon to provide peak-day storage. Once the facility is completed, anticipated in 2022, we will be able to utilize the full capabilities of an interconnected system, which will let us shift wastewater flow to different treatment facilities based on real-time conditions. The new facility will also give us the additional capacity necessary to implement an enhanced preventative



took toward this goal was the installation of over 4.5 miles of force main to enable us to serve a growth corridor along Delaware Route 1 and other major access roads in Sussex County.

maintenance program to ensure long-term uninterrupted service throughout our service territory. The interconnected system covers over 94 square miles of service territory.

Being a Good Neighbor

Artesian has long believed in being involved as a good neighbor in the communities it serves. Artesian's management team holds leadership positions in numerous local community organizations, including the Delaware Business Roundtable, Delaware Prosperity Partnership, Delaware Nature Society, Easterseals Delaware and Maryland's Eastern Shore, Delaware State Chamber of Commerce and Junior Achievement of Delaware, to name a few. As many of these nonprofit organizations struggled throughout 2020, Artesian remained consistently dedicated to helping our communities while focusing on future economic development in our other organizations.

The safety of our employees and customers remains a high priority. We maintain our own safety program, which includes extensive training and inspections. With this proactive approach, we were able to record no workplace injuries last year and decreased our workers' compensation insurance premium by 23.8%. Our diligence, moreover, positioned us to be well prepared to respond to the COVID-19 pandemic. As an essential business, we continued to provide our critical

services when needed most, efficiently utilizing our Personal Protective Equipment, distancing our core groups of employees, quickly transitioning to remote work when possible, and communicating with our customers throughout this trying time. With our Emergency Response Plan and Safety program in place, we were able not only to maintain our life-sustaining services throughout 2020 but also to continue executing our growth strategy.

I would be remiss if I did not take a moment to note our pride in the election of Delaware's own Joseph Biden as President of the United States, making him the first President from the First State (Delaware) in our nation's history. For his and our country's benefit, we wish him much success in meeting every challenge.

In closing, I would like to thank you, our shareholders, for your investment in our company and for your continuing confidence in our long-term success.



Dian C. Taylor

Chair, President and CEO

The Chesapeake Section of the American Water Works Association (CSAWWA) presented its Operator of the Year Award to Jeff Price, Manager of Artesian's Southern Delaware Water Operations. Jeff was the fourth Artesian employee in the past eight years to receive this prestigious award.

Presenting the award to Jeff was fellow Artesian employee Rob Penman, Director of Operations Administration for Artesian. Rob served as Chair of the Chesapeake section of AWWA until officially passing the gavel on October 1, 2020. Additionally, Rob was a past recipient of the Carl John Lauter Award, another prominent award bestowed by the CSAWWA to a distinguished member to acknowledge outstanding work as a water works professional.

WATER SERVICE FACTS

Population served	approximately 301,000
Metered customers	92,900
Annual production	8.3 billion gallons
Miles of main.....	1,368
Active wells	205
Treatment facilities	72
Storage capacity	174 million gallons
Water service territory	298 sq. miles
Wastewater service territory	30 sq. miles
Average cost per day for residential water service	\$1.69



Rob Penman (left), past chair of the Chesapeake Section of the AWWA and Jeff Price (right), Operator of the Year

O F F I C E R S

Top to Bottom, Left to Right

Dian C. Taylor

*President and Chief Executive Officer
Artesian Resources Corporation & Subsidiaries*



Joseph A. DiNunzio, CPA, CGMA

*President of Artesian Water Maryland
Executive Vice President and Corporate Secretary
Artesian Resources Corporation & Subsidiaries*



Nicholle R. Taylor

*Chief Operating Officer of Artesian Water
Company, Senior Vice President
Artesian Resources Corporation & Subsidiaries*



Jennifer L. Finch, CPA

*Corporate Treasurer and
Senior Vice President of Finance
Artesian Resources Corporation & Subsidiaries*



David B. Spacht

*President of Artesian Wastewater Management
Chief Financial Officer
Artesian Resources Corporation & Subsidiaries*

John M. Thaeder

*Senior Vice President
Artesian Resources Corporation & Subsidiaries*



Pierre A. Anderson

*Vice President, Information Technology
Artesian Resources Corporation & Subsidiaries*

Karl G. Randall

*General Counsel and Assistant Secretary
Artesian Resources Corporation & Subsidiaries*



To receive information
on virtually attending the
Shareholders Annual Meeting,
contact Laura Slayman:

2021annualmeeting@artesianwater.com



**ARTESIAN
RESOURCES
CORPORATION
SHAREHOLDERS
ANNUAL MEETING**

**Wednesday,
May 5, 2021
1:30 PM**

DIRECTORS



Top to Bottom, Left to Right

Dian C. Taylor

Chair of the Board, President & Chief Executive Officer, Artesian Resources Corporation & Subsidiaries

Kenneth R. Biederman, Ph.D.

Professor (Ret.), Department of Finance, Lerner College of Business and Economics, University of Delaware

John R. Eisenbrey, Jr.

Owner & President, Bear Industries, Inc.

Nicholle R. Taylor

Chief Operating Officer of Artesian Water Company, Senior Vice President Artesian Resources Corporation & Subsidiaries

Michael Houghton

Partner, Morris Nichols Arsht & Tunnel

William C. Wyer

*Business Consultant
Wyer Group, Inc.*



INVESTOR INFORMATION

SHAREHOLDER INQUIRIES

Shareholder inquiries regarding Class A Non-Voting Common Stock and Class B Common Stock accounts, including transfer requirements, lost certificates and dividend payments, should be directed to:

Computershare Investor Services
P.O. Box 505000
Louisville, KY 40233-5000
800.368.5948

Private Couriers/Registered Mail:

Computershare Investor Services
462 South 4th Street, Suite 1600
Louisville, KY 40202
computershare.com/investor

Shareholder inquiries and requests for investment materials, should be directed to:

Nicholle R. Taylor, Senior Vice President
Artesian Resources Corporation
P.O. Box 15004
Wilmington, Delaware 19850
302.453.6900 800.332.5114
ntaylor@artesianwater.com

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The holders of record of the Company's Class A Non-Voting Common Stock are eligible to participate in the Dividend Reinvestment Plan. The plan provides for the direct purchase of Class A Non-Voting Common Stock through reinvestment of dividends and/or optional cash payments. To obtain a copy of the plan prospectus, contact either Computershare or Artesian directly.

PROJECTED 2021 DIVIDEND DATES

(Subject to the approval of the Artesian Resources Corporation Board of Directors)

Quarter	Record Date	Payment Date
1st	February 8, 2021	February 22, 2021
2nd	May 7, 2021	May 21, 2021
3rd	August 9, 2021	August 20, 2021
4th	November 8, 2021	November 19, 2021

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than historical facts are forward-looking and actual results may differ materially from those projected, anticipated or implied. Please refer to "Item 1A-Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, for a description of the substantial risks and uncertainties related to the forward looking statements included in this Annual Report. Past performance of Artesian's Common Stock is not predictive of future returns.

ARTESIAN RESOURCES CORPORATION & SUBSIDIARIES

Artesian Resources Corporation operates as the holding company of our wholly-owned subsidiaries.

Artesian Water Company, Inc. is our principal subsidiary. It is the oldest and largest investor-owned regulated public water utility on the Delmarva Peninsula and has been providing water service since 1905. Artesian Water distributes and sells water to residential, commercial, industrial, governmental and utility customers throughout Delaware. It also provides private and municipal utilities with billing services and operational management services.

Artesian Water Maryland, Inc. is a regulated public water utility providing services to customers in Cecil County, Maryland. Artesian Maryland is an important part of our strategy to be the preeminent provider of public water utility services on the Delmarva Peninsula.

Artesian Water Pennsylvania, Inc. is a regulated public water utility providing services to customers in southeastern Pennsylvania.

Artesian Wastewater Management, Inc. is a regulated entity that owns and operates wastewater facilities and provides public wastewater services to customers throughout Delaware.

Artesian Utility Development, Inc. is a non-regulated operating company that designs and builds water and wastewater infrastructure and provides contract water and wastewater services on the Delmarva Peninsula. In addition, Artesian Utility offers three protection plans; the Water Service Line Protection Plan, the Sewer Service Line Protection Plan and the Internal Service Line Protection Plan.

Artesian Development Corporation is the non-regulated real estate holding company of Artesian Resources.



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To view this report online, visit our website:

artesianresources.com

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