Essential Utilities, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share amounts)
(Unaudited)

The Company is providing disclosure of the reconciliation of adjusted earnings per share, a non-GAAP financial measures referenced in this release, to the most comparable GAAP financial measure. Adjusted earnings per share does not comply with U.S. generally accepted accounting principles (GAAP), and is thus considered to be a “non-GAAP financial measures” under applicable SEC regulations.

Adjusted earnings per share is one of the primary metrics used by management to evaluate the Company’s financial performance and compare it to that of its peers, evaluate the effectiveness of the Company’s business strategies, and in connection with executive compensation decisions. This measure is also frequently used by analysts, investors, and others to evaluate industry peers. Further, the Company believes adjusted earnings per share is helpful in highlighting trends in the Company’s results because it allows for more consistent comparisons of performance between periods by excluding gains and losses that are non-operational in nature or outside the control of management. The Company further believes that this non-GAAP financial measure is useful to investors as a more meaningful way to compare the Company’s operating performance against its guidance. This non-GAAP measure does, however, have certain limitations and should not be considered as an alternative to earnings per share or any other performance.

Adjusted earnings per share adjusts for the following items:

(1) costs associated with the pending merger with American Water; and

(2) the income tax impact of the non-GAAP adjustment described above.

	Three Months Ended June 30, 2026
Net income (GAAP financial measure)	$ 105,725
Adjustments:	
(1) Costs associated with the pending merger with American Water	1,191
(2) The income tax impact of the non-GAAP adjustment described above	(321)
Adjusted income (Non-GAAP financial measure)	$ 106,595
Net income per common share (GAAP financial measure):	
Basic	$ 0.37
Diluted	$ 0.37
Adjusted income per common share (Non-GAAP financial measure):	
Basic	$ 0.38
Diluted	$ 0.38
Average common shares outstanding:	
Basic	283,655
Diluted	284,088