

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 the non-GAAP financial measures to the most comparable GAAP financial measures. The Company believes that the non-GAAP financial measures "adjusted income" and "adjusted diluted income per common share" provide investors the ability to measure the Company's financial operating performance by adjustment, which is more indicative of the Company's ongoing operating performance. The Company further believes that the presentation of these non-GAAP financial measures is useful to investors as a more meaningful way to compare the Company's operating performance against its guidance range.

This reconciliation includes a presentation of the non-GAAP financial measures "adjusted income" and "adjusted diluted income per common share" and have been adjusted for the following items:

- (1) Costs associated with the pending merger with American Water Works Company, Inc.
- (2) The income tax impact of the non-GAAP adjustments described above.

These financial measures are measures of the Company's operating performance that do not comply with U.S. generally accepted accounting principles (GAAP), and are thus considered to be "non-GAAP financial measures" under applicable Securities and Exchange Commission regulations. These non-GAAP financial measures are derived from our consolidated financial information, if available, and is provided to supplement the Company's GAAP measures, and should not be considered as a substitute for measures of financial performance prepared in accordance with GAAP.

The following reconciles our GAAP results to the non-GAAP information we disclose :

	Three Months Ended <u>March 31, 2026</u>
Net income (GAAP financial measure)	\$ 224,392
Adjustments:	
(1) Costs associated with the pending merger	16,300
(2) Income tax effect of non-GAAP adjustment	<u>(4,388)</u>
Adjusted income (Non-GAAP financial measure)	<u>\$ 236,304</u>
 Net income per common share (GAAP financial measure):	
Basic	\$ 0.79
Diluted	\$ 0.79
 Adjusted income per common share (Non-GAAP financial measure):	
Basic	\$ 0.83
Diluted	\$ 0.83
 Average common shares outstanding:	
Basic	<u>283,181</u>
Diluted	<u>283,636</u>