Global Water Resources, Inc.

Year-End 2025 Results Conference Call

March 5, 2026

CORPORATE PARTICIPANTS

Kyle Upchurch, *Controller*

Ron L. Fleming, *President and Chief Executive Officer*

Mike Liebman, *Senior Vice President and Chief Financial Officer*

Christopher Krygier, *Chief Operating Officer*

CONFERENCE CALL PARTICIPANTS

Zach Liggett, *Desmond Liggett Wealth*

PRESENTATION

Operator

Greetings, ladies and gentlemen. Welcome to the Global Water Resources, Inc. 2025 Year-End Conference Call.

At this time, all participants are in a listen-only mode.

Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press star, zero for Operator assistance at any time.

I would like to remind everyone that this call is being recorded on March 5, 2026 at 1:00 PM Eastern Time.

I would now like to turn the conference over to Kyle Upchurch, Controller. Please go ahead.

Kyle Upchurch

Thank you, Operator, and welcome, everyone. Thank you for joining us on today's call. Yesterday, we issued our 2025 year-end financial results by press release, a copy of which is available on our website at gwresources.com.

Speaking today you have Ron Fleming, President and Chief Executive Officer; Mike Liebman, Chief Financial Officer; and Chris Krieger, Chief Operating Officer. Ron will summarize the key operational events of the year. Mike will review the financial results for year-end, and Chris will review Arizona Corporation Commission activity. Ron, Mike, and Chris will be available for questions at the end of today's call.

Before we begin, I would like to remind you that certain information presented today may include forward-looking statements. Such statements reflect the Company's current expectations, estimates, projections, and assumptions regarding future events. These forward-looking statements involve a number of assumptions, risks, uncertainties, estimates, and other factors that could cause actual results to differ materially from those contained in the forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on any forward-looking statements which reflect Management's views as of the date hereof and are not guarantees of future performance. For additional information regarding factors that may affect future results, please read the Risk Factors and MD&A sections of our periodic SEC filings.

Additionally, certain non-GAAP measures may be included within today's call. For a reconciliation of those measures to the comparable GAAP measures, please see the tables included in yesterday's earnings release, which is available on our website.

I will now turn the call over to Ron.

Ron Fleming

Thank you, Kyle. Good morning, everyone, and thank you for joining us today. We are pleased to report the results for year-end 2025.

First, before jumping to normal operating highlights, I would like to get straight to the main points on 2025. This year included many large and successful initiatives that will materially grow rate base. In fact,

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including 2024 and 2025, the test year and post test year for our Santa Cruz Water Company and Palo Verde Utilities Company rate case, we have increased the collective rate baseable assets of our company by $70 million or 59%.

With respect to these initiatives, we've had a near record year for capital investments that were critical to complete within 2025. These investments span everything from recommissioning the previously mothballed water reclamation facility in Pinal County, south of the City of Maricopa, which is part of the system we refer to as our Southwest plant, to our capital improvements to stay in front of our fast-growing communities and the acquisition of the City of Tucson water systems. All of these investments inure to long-term value creation and also benefit customers and communities we have the privilege to serve. However, these investments increased expenses across the board, including much larger depreciation and a one-time asset write-off related to the Southwest plant, which all impact income and earnings per share. This regulatory lag is an unfortunate part of the historical test year environment here in Arizona, but it is necessary to make investments upfront and seek recovery thereafter.

Additionally, certain company expenses, such as medical costs, continue to grow at an unprecedented pace. As I've been saying for many quarters now, we need new rates to keep up with all the investment and inflation that has occurred in our utilities. Chris will discuss these rate cases and our regulatory activity later in the call. In the meantime, I want to make it clear; 2026 is about working hard to control expenses, and we have reduced the pace of capital investments.

Now, as a reminder of many other positive announcements from 2025 that underpin our goal of long-term value creation and our ability to deliver total returns to our shareholders in the years and decades to come. First, we announced that the Arizona governor signed meaningful water legislation known as Ag-to-Urban, which became law in 2025. We believe this will result in many benefits that will be applicable for Global Water in our service areas, improving aquifer sustainability while creating a new groundwater supply to support additional growth. Based on Global Water's established service areas created through buying and building utilities in the path of growth, our regional areas coincide with land that has considerable historical farming operations just outside densely populated Metro Phoenix. Thus, we believe the new law will drive even more growth to our service areas.

Second, full funding of the Highway 347 expansion connecting Interstate 10 and Metro Phoenix to the City of Maricopa and the entire western part of Pinal County was approved in 2025. As the stakeholders had already begun engineering on certain long-term elements of the 13-mile road widening project, it is estimated that the construction will begin in summer 2026. This project should go a long way to ensure that the City of Maricopa continue to be one of the fastest-growing communities in the country, and it meets—helps meet our population projections of growing nearly 90% by 2040.

As evidence to the potential of this population projection, on July 1 of 2025, the U.S. Census Bureau released its population projections from 2024 data, and the City of Maricopa was once again in the top 10 of the fastest-growing large municipalities in the country, coming in at Number 6. Even more telling was that population growth in 2024 was even stronger than 2023, as the city realized 7.4% growth compared to 7.1%. Below, I will discuss connection growth rates and permit growth rates that have begun to slow, but it is important to keep this population growth that I just discussed in mind, as it is now more closely correlates with consumption and revenue growth based on the amount of multifamily housing and commercial growth that is occurring. Finally, if you think about everything just mentioned from rate base accumulation to water and transportation that are the two fundamental elements of economic development, you can see that even more than ever, we have the foundation of sustainable growth for the years and decades to come.

Now I'll provide a few operational highlights. Total active service connections increased 6.3% to 68,577 at December 31, 2025 from the 12 months prior. In 2025, we achieved a 3.2% total active service connection growth rate, excluding the recent acquisition of the seven Tucson water systems, and specifically, we invested $67.3 million into infrastructure improvements and existing utilities to provide safe and reliable service. The majority of our investments in 2025 were post-test year projects in Santa

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Cruz Water Company and Palo Verde Utilities Company, our two largest utilities located in Pinal County, and are included in our already filed 2024 test year rate application.

Now I want to discuss organic customer growth and what is going on in our core utilities even further. The single-family dwelling unit market ended 2024 with approximately 27,156 building permits issued in the Phoenix greater metro area. In 2025, this market realized 21,815 building permits, and this did represent a nearly 20% decrease (inaudible) 2024. In 2025, the Maricopa market realized 600 building permits, representing a 39% decrease from the same period in 2024. The 2025 permit data showing a bit of a pullback from the prior year is not surprising considering the uncertainty in the market today. While new permit activity has slowed in '25, growth in the Phoenix MSA, particularly in the City of Maricopa, is reflected in the Company's 3.2% year-over-year organic increase in active connections. We believe the decline in permits is temporary, especially considering that mortgage rates continue to drop, and we remain well-positioned to benefit from the anticipated long-term growth of the Phoenix MSA.

I will now turn the call over to Mike for financial highlights.

Mike Liebman

Thanks, Ron. Hello, everyone. Total revenue for 2025 was $55.8 million, which was up $3.1 million or 5.8% compared to 2024. The increase in revenue was primarily attributable to the City of Tucson acquisition in July 2025, organic growth in active water and wastewater connections, and higher rates in our Farmers and Sororal utilities compared to 2024.

Operating expenses for 2025 increased approximately $5.3 million or 12.2% to $48.6 million compared to $43.3 million in 2024. Notable changes in operating expenses included depreciation, amortization and accretion expense increased $2.3 million for the year. The increase was substantially attributable to the additional depreciable fixed assets placed in service this year as a result of our increased capital investments and the commissioning of related projects, which are part of our current rate case.

Operating and maintenance costs increased approximately $2 million for the year. The increase was primarily driven by three things: first, personnel costs as a result of the Tucson acquisition, medical expenses, and filling a previously vacant position; second, utilities, chemicals, and repairs due to higher purchased power, chemical costs, and water treatment expense associated with increased consumption and newly operational plant; and third, higher contract services.

G&A costs increased by approximately $1 million in 2025, primarily driven by higher medical costs; increased professional fees, largely from legal expenses associated with the Nikola bankruptcy; higher IT spending; increased insurance premiums; and elevated municipal licensing fees tied to revenue growth.

Now to discuss other expense. Other expense for 2025 was $3.2 million compared to $1.5 million in 2024. The increase in expense is primarily attributable to a loss on asset disposals of $1.3 million related to the recommissioning of our Southwest plant and lower income associated with our Buckeye growth premiums.

Net income for 2025 was $3 million or $0.11 per diluted share as compared to $5.8 million or $0.24 per diluted share in '24. Adjusted net income, a non-GAAP measure, was $3.9 million or $0.14 per diluted share in '25 as compared to $6.3 million or $0.26 per diluted share in '24.

Lastly, I'll discuss Adjusted EBITDA, which adjusts for certain nonrecurring items such as onetime storm-related expenses and noncash items such as restricted stock expense and the loss on asset disposals for our Southwest plant. For 2025, Adjusted EBITDA decreased 0.7% to $26.5 million from $26.7 million in the prior year.

This concludes our update on the year-end 2025 financial results. I'll now pass the call to Chris to review our regulatory activity for the year.

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Christopher Kygier

Thank you, Mike, and hello, everyone. We accomplished a number of constructive developments on the regulatory agenda this year. First, in January 2025, we secured ACC approval to acquire the seven public water utility systems from the City of Tucson, which we closed in July 2025. Second, in April 2025, the Arizona Corporation Commission approved approximately $1.1 million of new revenues for our Global Water Farmers utility. Finally, we continue progressing on our Global Water Santa Cruz and Global Water Palo Verde rate reviews. As Ron mentioned, we are squarely focused on securing rate relief for our significant capital investments and rising expenses.

Since we last spoke in November, we filed testimony supporting a proposed revenue increase of approximately $4.3 million. Since that filing, the parties and the administrative law judge revised the case schedule to include additional ACC staff testimony being filed on April 15, 2026, and the hearing is now scheduled to begin in August of 2026. We are continuing to dialogue with our regulatory stakeholders on the case, and we will keep you apprised of additional updates on future calls.

This concludes the update on regulatory activity for the year. I'll now pass the call back to Ron.

Ron Fleming

Thank you, Chris. To close today, I just wanted to express how proud I am of our team. We took on a lot in 2025 and successfully executed on many fronts, but while these efforts have prepared us for 2026 and beyond, we still have more work to do, and despite many headwinds, we will continue to execute our growth plan and remain at the forefront of the water management industry, advancing our mission of achieving efficiency and consolidation.

We truly believe that expanding our total water management platform and applying our expertise throughout our regional service areas and to new utilities will be beneficial to all stakeholders involved. We appreciate your investment in and support of us as we grow Global Water to address important utility, water resource, and economic development matters along the Arizona Sun Corridor, allowing our communities to thrive.

These highlights conclude our prepared remarks. Thank you. We are now available to answer any questions.

Operator

We will now begin the question-and-answer session. To ask a question, you may press star, then one on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star, then two. Again, it is star, then one to ask a question. At this time, we will pause momentarily to assemble our roster.

The first question comes from Zach Liggett from Desmond Liggett Wealth. Please go ahead.

Zach Liggett

Great. Thanks for taking the question. I just had two. First of all, on the rate case, just given how kind of frustrating this has been, I'm curious if you guys have done an analysis and have looked at things that are within your control that you can do differently on future rate cases, that's my first question. Then the second question is just related to AI, if there's any use cases you guys have identified that you can apply to the business and try to squeeze out some more operating efficiencies. Thank you.

Ron Fleming

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Yes. Hi, Zach, it's Ron Fleming here. I'll go ahead and start on the rate case question, and then Chris and Mike, feel free to jump in, but I just want to make it clear that, to use your word, it's been a frustrating process. The primary element of this rate case is very unique, and it is the recommissioning of that Southwest plant assets. For those of you that are new investors to the Company, we invested in a new utility territory just south of the City of Maricopa prior to the Great Recession, so really in the years 2005, 2006, 2007. Ultimately, when 2008 hit, no customers showed up, and we weren't able to actually fully commission and bring those utilities online and move them in the rates, which is clearly your normal process.

Lots of things happened during the Great Recession, as I'm sure you can imagine, that took a long time to work through, but most recently, growth did return there. Kind of back in 2001, we started working with the developers there again. Growth has jumped from the City of Maricopa to this area, and it's growing actually pretty nicely now, but we had to recommission those assets and move them into rates. To be fair to the commission, this is a unique situation that's not often dealt with, and we certainly don't plan on replicating the situation again in future kind of normal business operations or rate cases.

Christopher Kygier

Yes, Zach, this is Chris Krygier. What I would add to that is I absolutely agree on the uniqueness. I've been in the regulatory space for a long time in my career, and this is definitely one of the most unique situations that we've had to work through, but I have to tell you, big picture, you're always looking and taking lessons learned from every rate case, and we have continued to do that. But I'd also say we follow the pretty traditional playbook with a unique issue like this, meaning we've been talking to our regulatory stakeholders for a long time about it. We've been talking to our communities about it, and so really—and talking to customers about it, so we'll continue all of those, but it is a unique issue, but we will get it there.

Ron Fleming

Yes, and then happy to speak a little bit on the AI question as well. Ultimately, funny enough, we just got a presentation from our Vice Presidents of IT and Security yesterday on it. Ultimately, there's going to be lots of use cases in our industry. The most obvious one that people benefit from right off the jump is in your call center and your ability to provide better service to your customers, and also, obviously, on our end, make it more efficient. That's something we've started to implement at a level, but to take it outside of the call center and across our utility operations, because we're obviously very highly regulated and very highly automated, there's lots of security issues that we want to have in place before pushing it too far out into the organization. Those conversations are being had. We're not going faster, primarily because of the security considerations that we need to have in place.

Zach Liggett

Makes sense. Appreciate the color there, and just a quick follow-up on the—back on the rate case. If we get to the end of the year and it just doesn't go as you guys hope, do you have the ability to accelerate a refiling and take another crack at it, or how does that process work?

Christopher Kygier

Yes. Zach, this is Chris again. We are looking at all of those options and giving thought as to what that would look like. We don't have anything to announce at the moment, but I'd say we're evaluating all of those options and what would be the best course if we needed to pursue that.

Zach Liggett

All right. Very good. Thanks, guys. Best of luck.

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Ron Fleming

Yes. Thank you, and I'll make one more point on the top of that. It kind of builds off my comment earlier in my planned remarks about having moved $70 million of rate baseable assets into service. That means it is into service, so providing customers. It is a matter in our view of when, not if, and we'll have that determined through this rate case on the win, so thank you.

Operator

Seeing no further questions, I would like to turn the conference back over to Ron Fleming for any closing remarks.

Ron Fleming

All right. Thank you, Operator. Again, I just want to thank everybody for participating on the call and for your interest in Global Water Resources. We appreciate it and look forward to speaking with you again.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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