



## **Global Water Resources**

### **First Quarter 2026 Conference Call**

**May 14, 2026**

#### **C O R P O R A T E   P A R T I C I P A N T S**

**Kyle Upchurch, *Controller***

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

**Michael Liebman, *Chief Financial Officer***

**Christopher Krygier, *Chief Operating Officer***

## **PRESENTATION**

### **Operator**

Greetings, ladies and gentlemen. Thank you for standing by. Welcome to the Global Water Resources Inc. 2026 First Quarter 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 May 14, 2026, at 1:00 P.M. 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, everybody. Thank you for joining us on today's call.

Yesterday, we issued our 2026 first quarter financial results by press release, a copy of which is available on our website at gwresources.com.

Speaking today is Ron Fleming, President and Chief Executive Officer; Mike Liebman, Chief Financial Officer; and Chris Krygier, Chief Operating Officer. Ron will summarize the key operational events of the quarter, Mike will review the financial results for the first quarter, and Chris will review Arizona Corporation Commission activity. Ron, Mike, and Chris will be available for questions at the end of the 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. Thank you for joining us today.

First, before jumping to normal operating highlights, I'd like to emphasize our focus on earnings growth. While most elements of our business have experienced growth, our goal is to achieve long-term earnings

growth, and we are committed to this objective, which we believe will allow us to enhance shareholder value.

As we reported last quarter as part of our year-end reporting for 2025, we had a near-record year for capital investments that were critical to complete. This included the investment necessary to recommission our Southwest Plant Water Reclamation Facility, which was originally constructed 20 years ago and was mothballed during the Great Recession. Although these investments grow rate-based considerably and thus become drivers of future earnings growth, these investments increased certain operating expenses and, most notably, depreciation expense.

Such expenses continue to adversely impact net income and earnings per share in the first quarter of 2026. This is an unfortunate yet necessary part of the historical test year environment here in Arizona, as you must make the investments, incur the expenses, and then pursue rate recovery. As I've been saying for many quarters now, we need new rates to keep up with all the investment and inflation that we have experienced in our utilities. To this end, while it represents a diversion from our original rate application, the recently announced rate case settlement provides a clearer path to a notable rate increase for our largest water utility, GW Santa Cruz, later this year.

For GW Palo Verde, while delayed, the delay deals with the primary difference of opinion on the timing of rate recovery as it relates to our historical Southwest Plant Water Reclamation Facility issue. Thus, the new schedule provides a clearer path to setting appropriate rates for our largest wastewater utility along this new timeline. Together, this will allow us to better realize recovery of inflationary expenses and return on and return of our plant investments, including the Southwest Plant, resulting in years of meaningful earnings growth ahead.

Chris will discuss the rate case further later on the call, but I will add that we plan to announce additional rate case activity for our other utilities in the coming quarters. In the meantime, 2026 is about working hard to control expenses, and we have reduced the pace of our capital investments. In the years to come, we believe we can maintain solid revenue and earnings growth as we seek to obtain appropriate rate increases combined with our anticipated strong organic growth.

Now, I will provide a few operational highlights. Total active service connections increased 5.7% to 68,885 as of March 31, 2026, from the 12 months prior. In 2026, we achieved an annualized 1.9% total active service connection growth rate, excluding the acquisition of the seven Tucson water systems. Specifically, we have invested \$6.3 million into infrastructure improvements and existing utilities in 2026 to provide safe and reliable service.

Now, I want to discuss organic customer growth and what is going on in our core utilities further. The single-family dwelling unit market ended 2025 with approximately 21,815 building permits issued in the Phoenix greater metro statistical area. In the first quarter of 2026, this market realized 5,204 building permits, representing an 18.8% decrease compared to the same period in 2025. Meanwhile, the Maricopa market realized 157 building permits, representing a 16.5% decrease from the same period in 2025.

While new permit activity has slowed in 2026, continued growth in the Phoenix MSA, particularly in the city of Maricopa, is reflected in the Company's 2.6% year-over-year organic increase in active connections. We believe the decline in permits is temporary as we remain well positioned to benefit from the anticipated long-term growth of the Phoenix MSA and our specific area drivers, including job growth, affordability, improving transportation, including State Route 347 widening, and our large, assured water supply.

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

**Michael Liebman**

Thanks, Ron.

Hello, everyone.

Total revenue for the first quarter of 2026 was \$13.3 million, which was up \$0.8 million, or 6.7%, compared to Q1 2025. The increase in revenue was primarily attributable to the acquisition of seven water systems from the city of Tucson in July 2025, organic connection growth, and higher rates in our GW Farmers Utility.

Operating expenses for Q1 2026 increased approximately \$1.7 million, or 15.1%, to \$12.9 million, compared to \$11.2 million in Q1 2025. Notable changes in operating expenses included depreciation, amortization, and accretion expense increased \$0.9 million for Q1. The increase was substantially attributable to the additional depreciable fixed assets placed in service last year as a result of our 2025 Capital Improvement Plan and the commissioning of related projects.

Operating and maintenance costs increased approximately \$0.5 million. The increase was primarily driven by rising medical expense, higher purchase power associated with newly operational plants, and wastewater disposal expenses related to the startup of two new wastewater reclamation facilities. G&A costs increased by approximately \$0.3 million, primarily driven by rising medical costs.

Now to discuss other expense. Other expense for Q1 2026 was \$0.9 million compared to \$0.5 million in Q1 2025. The increase in expense is primarily attributable to higher interest expense, lower interest income, and a decrease in income associated with our Buckeye growth premiums. Net loss for Q1 2026 was \$0.4 million or \$0.01 per diluted share as compared to net income of \$0.6 million or \$0.02 per diluted share in Q1 2025.

Lastly, I'll discuss Adjusted EBITDA, which adjusts for certain non-cash items such as restricted stock expense. Adjusted EBITDA remained consistent at \$5.6 million in the first quarter of both 2026 and 2025. This concludes our update on the first quarter 2026 financial results.

I'll now pass the call to Chris to review our regulatory activity for the quarter.

### **Christopher Krygier**

Thank you, Mike, and hello, everyone.

As you heard Ron mention earlier and saw in our April 29, 2026, press release and 10-Q, we reached a settlement in our pending rate reviews. The unanimous settlement contemplates a water revenue increase of approximately \$2.3 million for GW Santa Cruz and a wastewater revenue decrease of \$0.4 million for GW Palo Verde as an extension of the existing temporary bill credit. The estimated effective date of these new rates is November 1, 2026.

The settlement allows us to close most of the history related to GW Santa Cruz's southwest area water assets and turn our attention to the wastewater assets. The next steps in the process include filing testimony in support of the settlement by the end of this month with the hearing commencing in August 2026. After that, the administrative law judge writes a recommendation for the commission's consideration. Planning ahead, we will continue our focus on securing appropriate rates for our investments made.

As part of the settlement agreement, we agreed to withdraw the GW Palo Verde rate review. We anticipate filing a new rate review request for GW Palo Verde's wastewater assets in 2027 with new rates estimated to be implemented in 2028. This upcoming rate review request is anticipated to include the Southwest Plant Water Reclamation Facility that you heard about earlier, incremental capital investment made since 2025, and reflect operating expenses of a 2026 test year.

As Ron mentioned earlier, we are laser focused on recovering and rates the capital investments made across our utilities. We are in the planning stages for multiple rate review filings for our utilities and expect to provide you updates at our next quarterly update in August 2026. Those updates are expected to include

the timing of our next rate review filings for our Farmers Division, Saguaro Division, Ocotillo Division, and Santa Cruz Division amongst others.

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

**Ron Fleming**

Thank you, Chris.

Despite the headwinds, our work continues. What we do and how we do what we do matters to our communities. 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.

That said, I understand that shareholders are a vital stakeholder and our goal is to achieve long-term earnings growth, which we believe will allow us to enhance shareholder value. This is our focus. We appreciate your investment in and support of us as we grow Global Water to continue 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're now available to answer any questions.

**Operator**

Thank you. 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're using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you'd 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. A reminder, again, it is star then one to ask a question.

This concludes our question and answer session. I would like to turn the conference back over to Ron Fleming for any closing remarks.

**Ron Fleming**

All right. Thank you, Operator.

We'd just again like to thank everyone for participating on the call and your interest in Global Water. Thanks, and we look forward to speaking with you again.

**Operator**

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