

# Second Quarter 2025 Financial Results Presentation

**H<sub>2</sub>O America**



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# On Today's Call



**Andrew F. Walters**  
Chief Executive Officer



**Ann P. Kelly**  
Chief Financial Officer and  
Treasurer



**Bruce A. Hauk**  
President and  
Chief Operating Officer

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# Forward-Looking Statements

## Safe Harbor

This presentation This release contains forward-looking statements within the meaning of the federal securities laws relating to future events and future results of H2O America and its subsidiaries that are based on current expectations, estimates, forecasts, and projections about H2O America and its subsidiaries and the industries in which H2O America and its subsidiaries operate and the beliefs and assumptions of the management of H2O America. Some of these forward-looking statements can be identified by the use of forward-looking words such as “believes,” “expects,” “estimates,” “anticipates,” “intends,” “seeks,” “plans,” “projects,” “may,” “should,” “will,” “approximately,” “strategy,” or the negative of those words or other comparable terminology. These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions including, but not limited to, the following factors: (1) the risks associated with the proposed transactions with Quadvest, including, the risk of the proposed transactions not closing on the anticipated timeline, or at all, the ability to obtain required regulatory approvals, and the ability to successfully integrate Quadvest’s operations and realize the projected financial and other benefits of the proposed transactions; (2) the effect of water, utility, environmental and other governmental policies and regulations, including regulatory actions concerning rates, authorized return on equity, authorized capital structures, capital expenditures, PFAS and other decisions; (3) changes in demand for water and other services; (4) unanticipated weather conditions and changes in seasonality including those affecting water supply and customer usage; (5) the effect of the impact of climate change; (6) unexpected costs, charges or expenses; (7) our ability to successfully evaluate investments in new business and growth initiatives; (8) contamination of our water supplies and damage or failure of our water equipment and infrastructure; (9) the risk of work stoppages, strikes and other labor-related actions; (10) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, hurricanes, terrorist acts, physical attacks, cyber-attacks, epidemic, or similar occurrences; (11) changes in general economic, political, legislative, business and financial market conditions; and (12) the ability to obtain financing on favorable terms, or at all (including the financing for the proposed transactions with Quadvest in a timely manner), which can be affected by various factors, including credit ratings, changes in interest rates, compliance with regulatory requirements, compliance with the terms and conditions of our outstanding indebtedness, and general market and economic conditions The risks, uncertainties and other factors may cause the actual results, performance or achievements of H2O America to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Results for a quarter are not indicative of results for a full year due to seasonality and other factors. In addition, actual results, performance or achievements are subject to other risks and uncertainties that relate more broadly to our overall business, including those more fully described in our filings with the SEC, including our most recent reports on Form 10-K, Form 10-Q and Form 8-K. Forward-looking statements are not guarantees of future performance, and speak only as of the date made, and H2O America undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

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# Welcome



Andrew Walters  
Chief Executive Officer

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# Exciting Next Chapter

- Rebranded as H2O America with a new ticker (NASDAQ: HTO)
  - Reflects our national platform, strong local presence, and dedicated focus on water and wastewater services
- Leadership transition
  - Eric Thornburg, President and Chief Executive Officer, retired on June 30, 2025
  - Andrew Walters, Chief Executive Officer
  - Bruce Hauk, President and Chief Operating Officer
  - Kristen Johnson, President of Shared Services, Senior Vice President, and Chief Administrative Officer
  - Ann Kelly, Chief Financial Officer and Treasurer

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# Welcome

## Megan Mattern

- Principal Accounting Officer, Chief Accounting Officer, and Controller
- Previously at UGI International
- Two decades of experience in utility, energy, and infrastructure
- Aligned with commitment to culture, service, and communities



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# Delivering on Strategy in 2Q

- **Creating Long-Term Shareholder Value**
  - \$0.71 diluted earnings per share (GAAP) and \$0.75 adjusted diluted earnings per share (non-GAAP)<sup>1</sup> in 2Q
- **Regulatory Progress**
  - Reducing regulatory lag through legislation in Connecticut and Texas
  - Ability to provide affordability programs to customers in Maine approved through legislation
  - California's advanced metering infrastructure (AMI) annual capital investment recovery filing approved
  - Texas Water's System Improvement Charge (SIC) application approved
- **Capital Expenditure (CapEx)**
  - \$207 million<sup>2</sup> invested through 2Q 2025 in water and wastewater utility infrastructure, on track for full-year capital expenditure plan
- **Strategic M&A Activity**
  - Announced agreement to acquire regulated and unregulated assets of Quadvest in Houston area; combined Texas Water operations would be second-largest investor-owned water utility in TX, serving top 2% of fastest growing counties in U.S.; transaction accretive in 2028 and meaningfully accretive to our long-term growth rate

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# Financial Update



**Ann Kelly**  
Chief Financial Officer  
and Treasurer

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# Financial Highlights

2Q Diluted Earnings per Share (EPS)  
**\$0.71 GAAP/\$0.75 Adjusted (Non-GAAP)**

YTD 2025 Diluted Earnings per Share (EPS)  
**\$1.20 GAAP/\$1.25 Adjusted (Non-GAAP)**

Affirming 2025 Adjusted EPS Guidance Range<sup>1</sup>  
**\$2.90 – \$3.00**

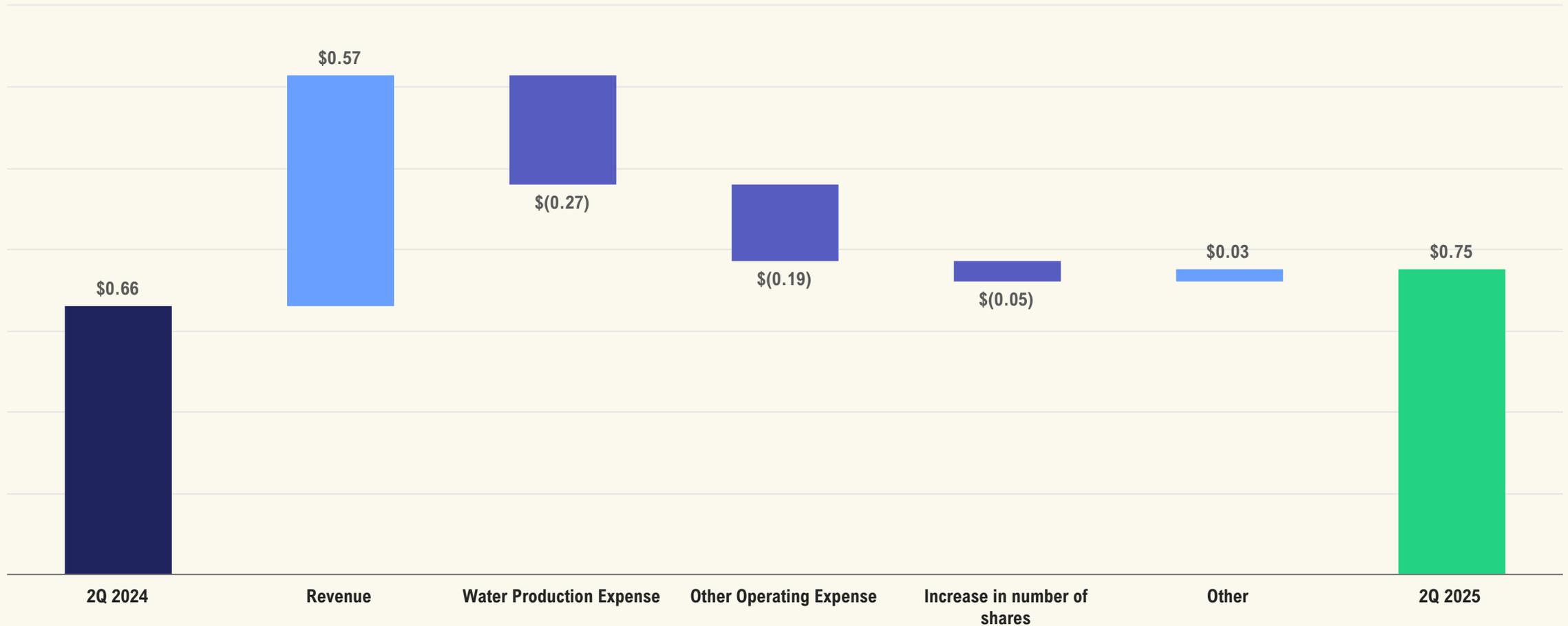
Affirming Growth Rate<sup>2</sup> through 2029 based on 2022 diluted EPS of \$2.43  
Expect to be in the top half of guidance range  
**5% to 7%**

<sup>1</sup>H2O America's earnings guidance is subject to numerous risks and uncertainties, including, without limitation, those factors described in the "Forward-Looking Statements" on slide 3 and the "Risk Factors" section of the company's annual and quarterly reports filed with the Securities and Exchange Commission. Because we are not able to predict certain potentially material items affecting diluted EPS on a GAAP basis, principally gains or losses on non-utility real estate transactions and expenses for merger and acquisition activities, we are unable to reconcile the fiscal year 2025 adjusted diluted earnings per share, a non-GAAP measure, to the diluted earnings per share, the most directly comparable measure in reliance of the "unreasonable efforts" exception set forth in the SEC rules.

<sup>2</sup>Nonlinear because of rate case cycles.

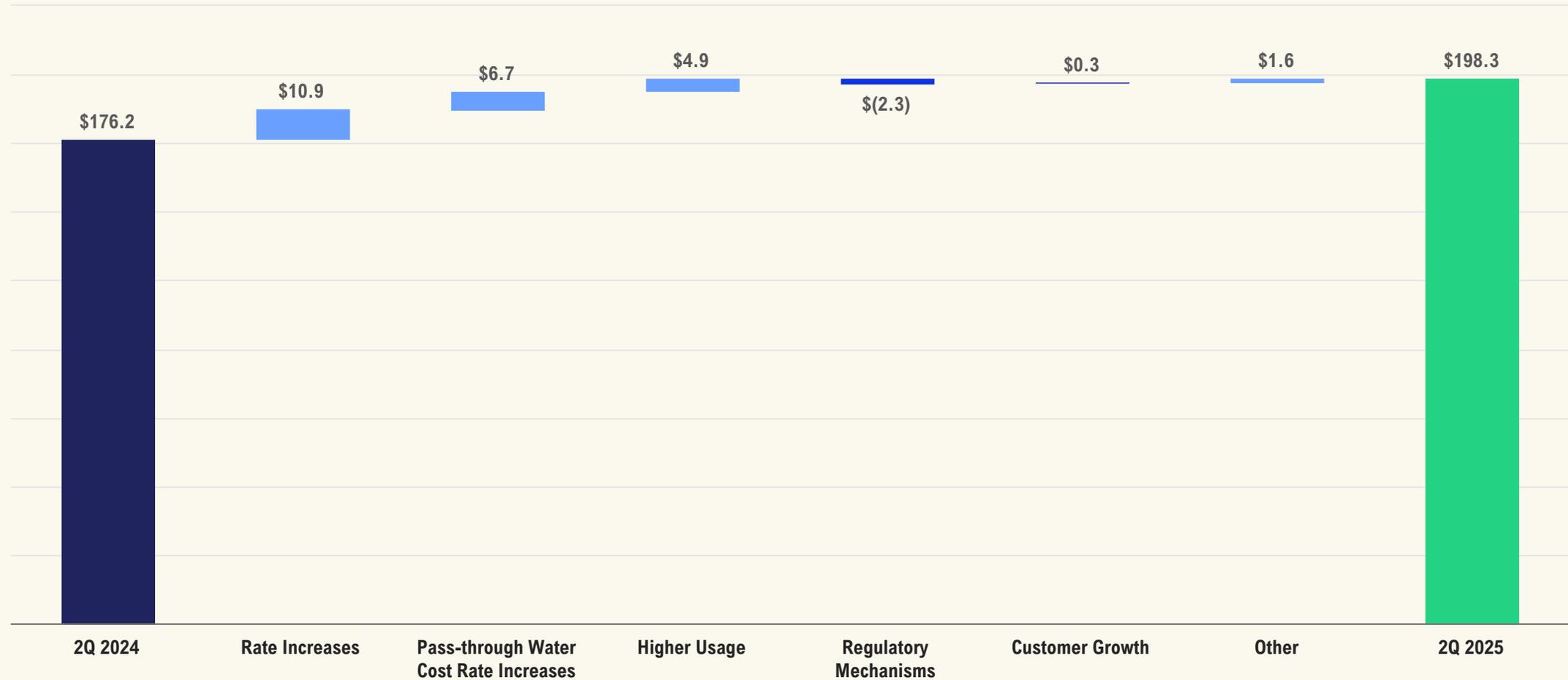
# 2Q 2025 Adjusted Diluted EPS Bridge\*

Change in Adjusted EPS (\$): 2Q 2025 – 2Q 2024



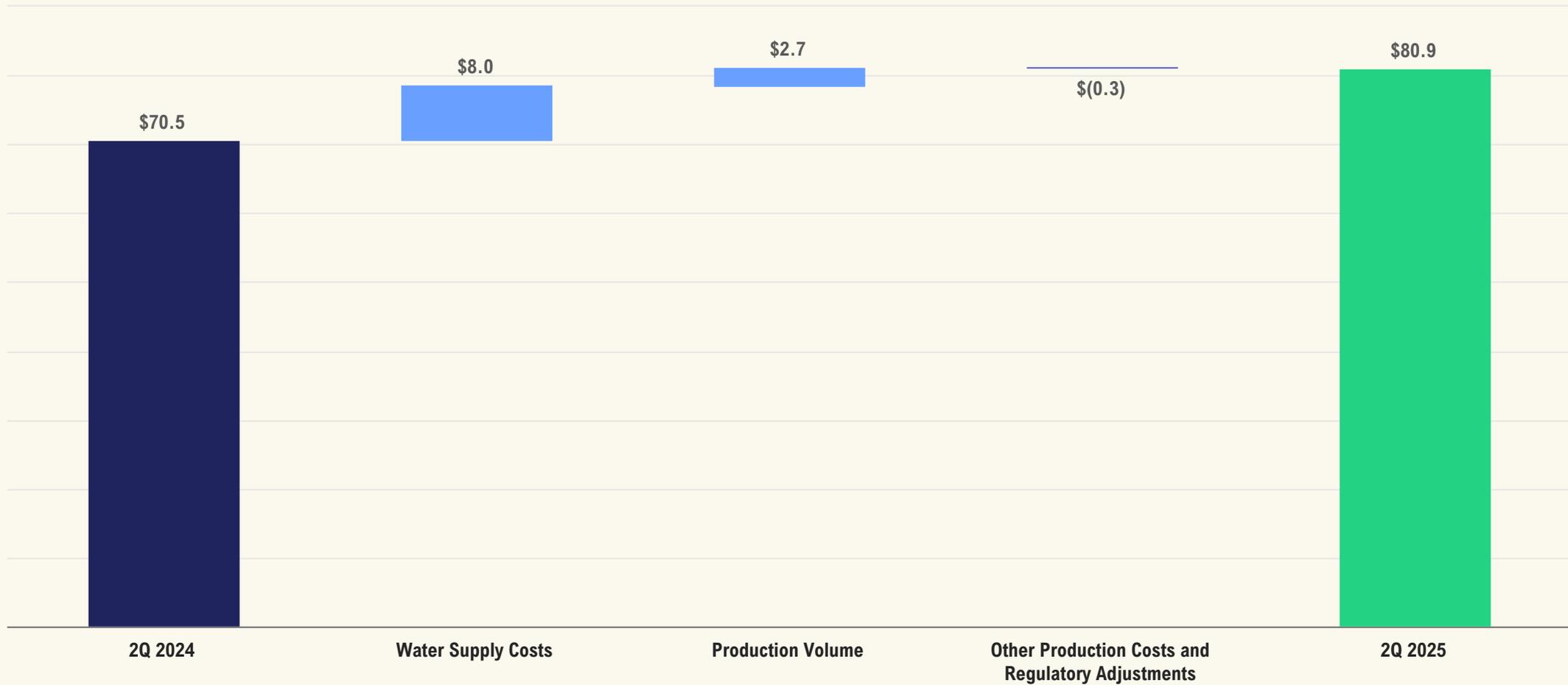
# Revenue Increased by 13% Compared to 2Q 2024

Change in Revenue (\$M): 2Q 2025 – 2Q 2024



# Water Production Expenses Increased 15% from YTD 2024

Change in Water Production Expenses (\$M): 2Q 2025 – 2Q 2024



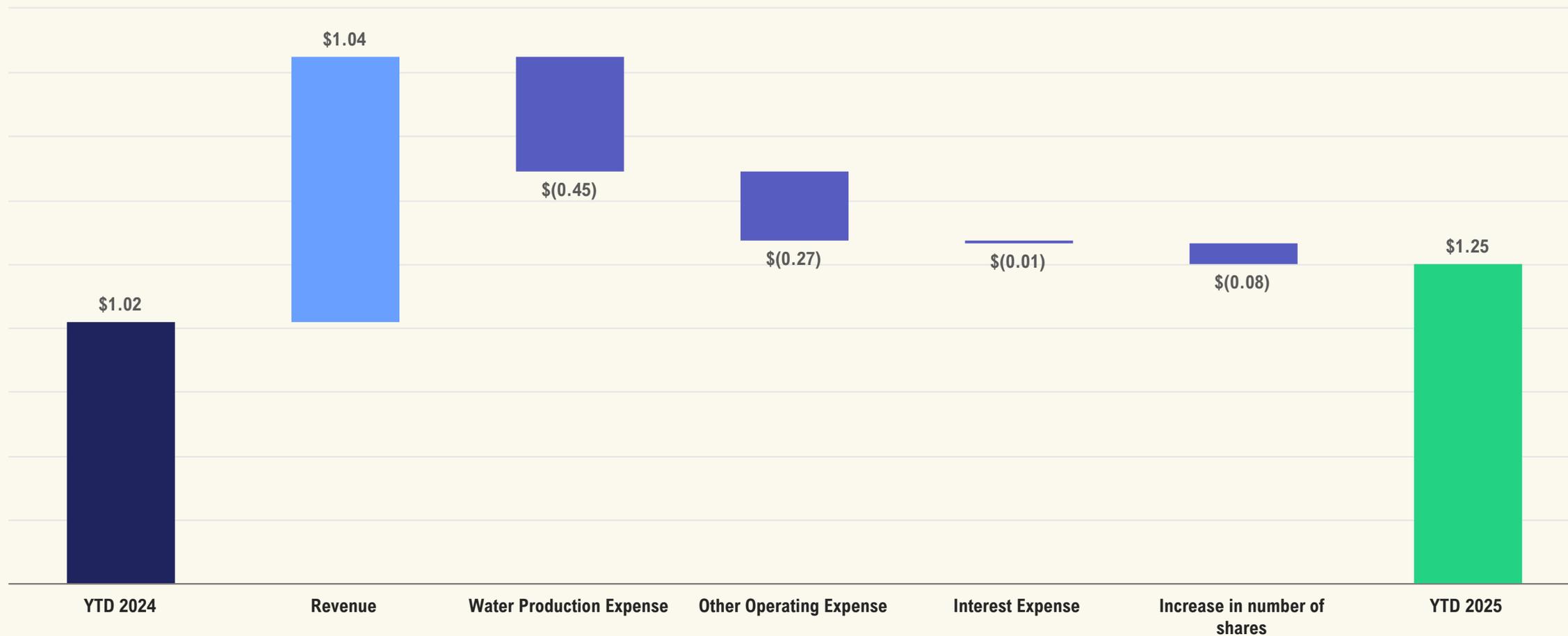
# Other Operating Expenses Increased 13% from 2Q 2024

Change in Other Operating Expenses (\$M): 2Q 2025 – 2Q 2024



# YTD 2025 Adjusted Diluted EPS Bridge\*

Change in Adjusted EPS (\$): YTD 2025 – YTD 2024



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# 2025 YTD Financing Activity

- Approximately \$84 million in gross equity proceeds raised at the market to fund growth and capital investment YTD 2025
  - Guided target is equity issuance of \$120 million to \$140 million in 2025
- \$360 million in bank lines of credit; \$161 million drawn, leaving \$199 million available
  - 5.45% average borrowing rate on credit advances in 2025, 6.53% in 2024
- Maine Water issued a promissory note for \$25 million under an existing loan agreement with a national cooperative bank, 6.70% fixed interest, 30-year
- CTWS repaid the outstanding balance of \$25 million under its credit agreement
- Effective income tax rate of 16% is consistent with 2024

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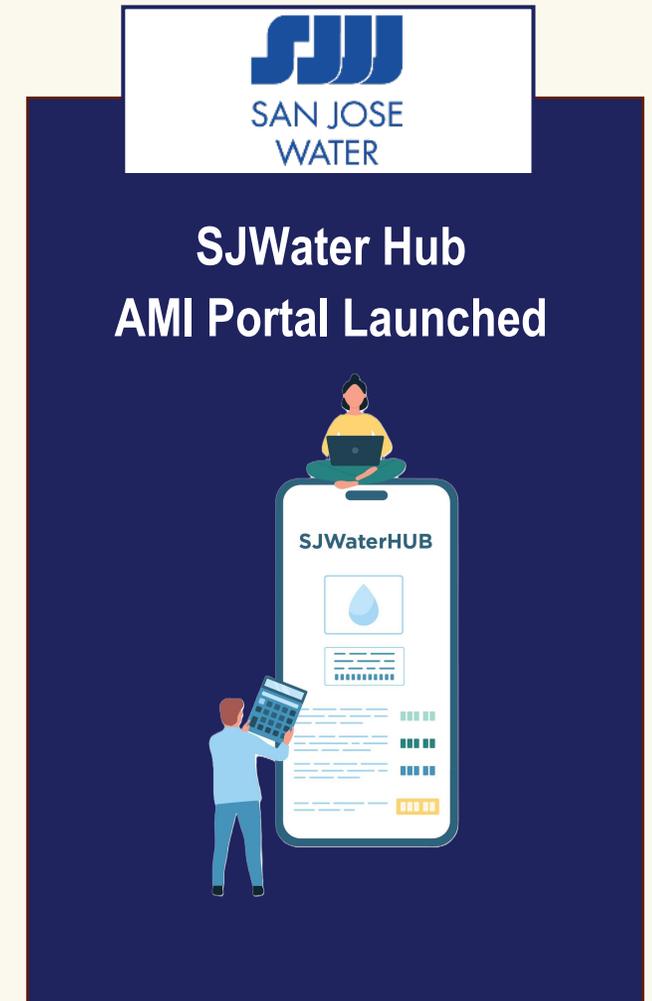
# Regulatory Updates



Bruce A. Hauk  
President and COO

# Regulatory Progress across National Footprint

- **San Jose Water:** \$6.8 million revenue increase effective July 1, 2025, for \$44 million spend in AMI Project (Advice Letter 617)
- **Maine Water:** \$865,000 revenue increase authorized in the Camden Rockland division GRC effective July 1, 2025, and a \$547,000 increase in Water Infrastructure Charges authorized for the Biddeford Saco and Oakland divisions
- **Texas Water:** \$4.1 million revenue increase in the System Improvement Charge (SIC) authorized, effective May 15, 2025
- **Connecticut Water:** \$1.6 million revenue increase in the Water Infrastructure and Conservation Adjustment (WICA), effective April 1, 2025



# Legislative Milestones

## Connecticut:

- Water Quality and Treatment Adjustment infrastructure recovery mechanism available July 1, 2025
  - Annual recovery of infrastructure spend to treat PFAS and emerging contaminants, first filing planned in 2026

## Texas Water:

- Two new laws to minimize regulatory lag effective on September 1, 2025
  - Future test year/hybrid test year option for water and sewer utilities
  - Reduced deadline for processing of SIC filings from 120 days to 60 days

## Maine:

- Legislation signed authorizing water utilities to offer affordability programs



## Water Quality and Treatment Adjustment (WQTA)

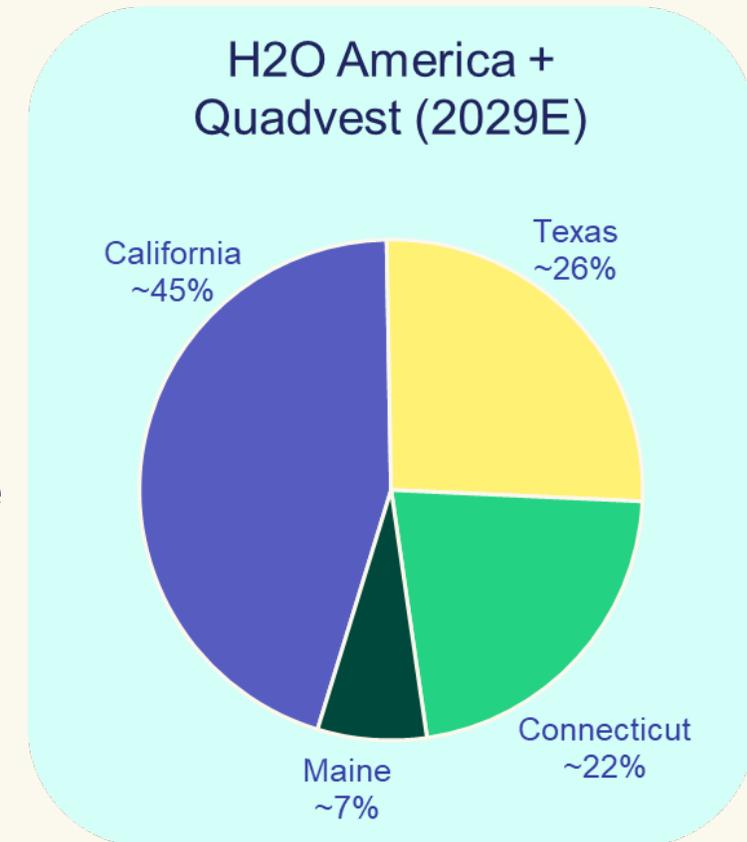
Allows for annual recovery of total capital invested to treat PFAS and other emerging contaminants

Recovery not limited to completed projects

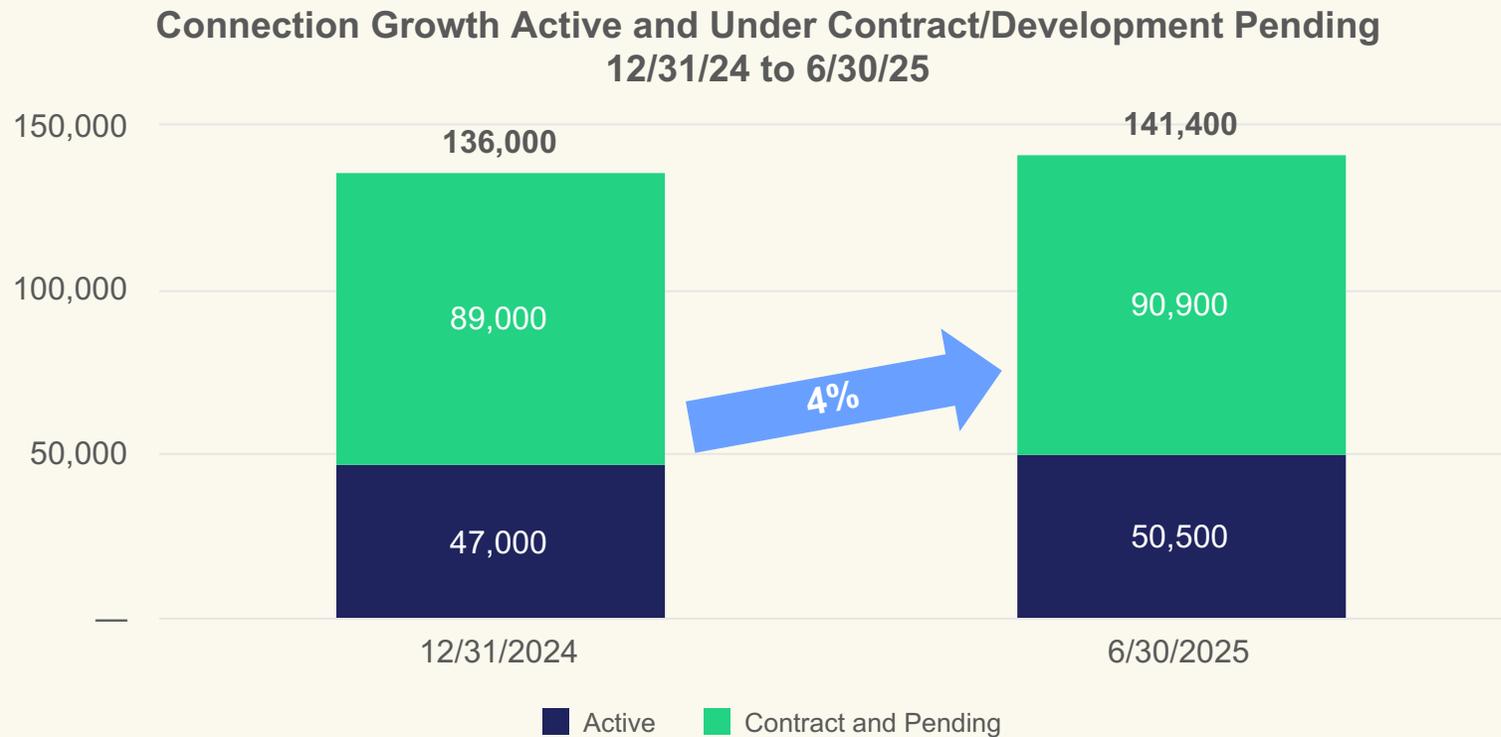
7.5% annual cap  
15% cap between GRCs

# Transformative Texas Acquisition

- Quadvest brings operational scale, a strong development pipeline, and increased exposure to one of America's fastest growing regions, Houston, TX<sup>1</sup>
- We expect double-digit customer growth at Quadvest to drive Texas from 7% of our customer base today to 26% by 2029
- Notified PUCT of our intention to use Fair Market Value
- Expect closing in mid-2026
- Combined company general rate case expected in early 2027 with new rates effective in early 2028
- Transaction accretive in 2028 and meaningfully accretive to our long-term growth rate



# Quadvest more than a 140,000 Connection Opportunity



We protect  
what's  
precious.

**H<sub>2</sub>O** America



# Appendix

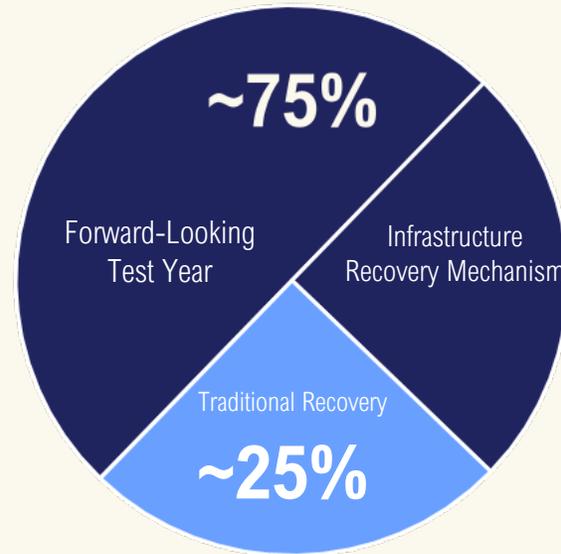
The logo for H2O America, featuring the text "H2O America" in a white, sans-serif font. The "H2O" is stylized with a subscript "2" and a dot over the "O".

# Substantial Capital Plan Drives Earnings Growth

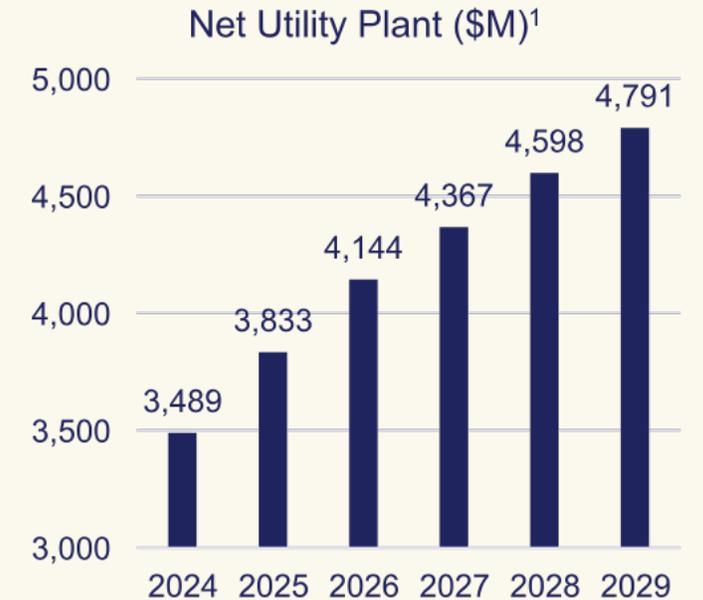
Planned CapEx by State  
2025 - 2029<sup>1</sup> (\$M)



Timely recovery through  
regulatory mechanisms in  
2025 - 2029<sup>2</sup>



6.6% Net Utility Plant Growth  
Forecasted



# PFAS Update

- Support U.S. EPA's standards for PFAS in drinking water
- Will comply with the new regulations within the time frame specified by the EPA
- \$300 million CapEx estimate for treatment
- Party to class action settlements with PFAS manufacturers
  - Received \$6.4 million in legal settlement proceeds on behalf of SJW and CWC in 2Q 2025



# 2024/25 Key Filings

State	Docket #	Type*	Filing Date	Order Date	Status	Revenue Requested (annualized)	Revenue Approved (annualized)	Comments
CA	24-01-001	GRC	01/02/24	12/19/24	Alternate Proposed Decision approved	\$103M	\$53.1M	Step increases 3.91% 2025, 2.55% in 2026, and 2.98% in 2027, and \$450M 3-year capital budget
CA	Advice Letter 610	AMI Rate Base Offset	05/23/24	06/21/24	Approved	\$768K	\$768K	Effective 07/01/24
CA	Advice Letter 613	GRC Decision 24-12-077	12/20/24	01/10/25	Effective 01/01/25	\$21.3M	\$21.3M	2025 step rate increase
CA	Advice Letter 617	AMI Rate Base Offset	05/28/25	06/27/25	Approved	\$6.8M	\$6.8M	Effective 07/01/25
CA	Advice Letter 618	Establish Water Litigation Memorandum Account	6/24/2025	7/21/2025	Effective 06/24/25			Account to receive PFAS settlement fund
CT	23-08-32	GRC	10/03/23	06/28/24	Final Decision Issued	\$21.4M	\$6.5M	Additional \$1.1M in revenue if performance metrics met
CT	23-08-32WI03	WICA	01/28/25	03/26/25	Effective 04/01/25	\$1.6M	\$1.6M	4.9% cumulative WICA
ME	2023-00163	WISC Camden-Rockland	06/23/23	03/22/24	Effective 03/22/24	\$158K	\$158K	
ME	2024-00140	WISC Freeport	06/24/24	08/01/24	Effective 08/01/24	\$27K	\$27K	
ME	2024-00141	WISC Oakland	06/24/24	08/01/24	Effective 08/01/24	\$25K	\$25K	
ME	2024-00276	WISC Millinocket	09/30/24	12/16/24	Effective 12/16/24	\$46K	\$46K	
ME	2024-00291	GRC Camden-Rockland	10/25/24	06/27/25	Effective 07/1/25	\$1.1M	\$865K	
ME	2024-00378	Request Unified Rate Schedule	12/31/24		Filed			Requests consolidation of 10 rate jurisdictions
ME	2025-00125	WISC Biddeford-Saco	04/15/25	06/24/25	Effective 07/01/25	\$522K	\$522K	
ME	2025-00126	WISC Oakland	04/15/25	06/24/25	Effective 07/01/25	\$25K	\$25K	
TX	54430	System Improvement Charge	12/30/22	03/21/24	Effective 03/21/24	\$1.6M	\$1.6M	Recovery of eligible capital investment
TX	56974	System Improvement Charge	09/12/24	05/15/25	Effective 05/15/25	\$4.1M	\$4.1M	Recovery of eligible capital investment
TX	49859-131	Notice of Intent to Determine Fair Market Value	7/9/2025					

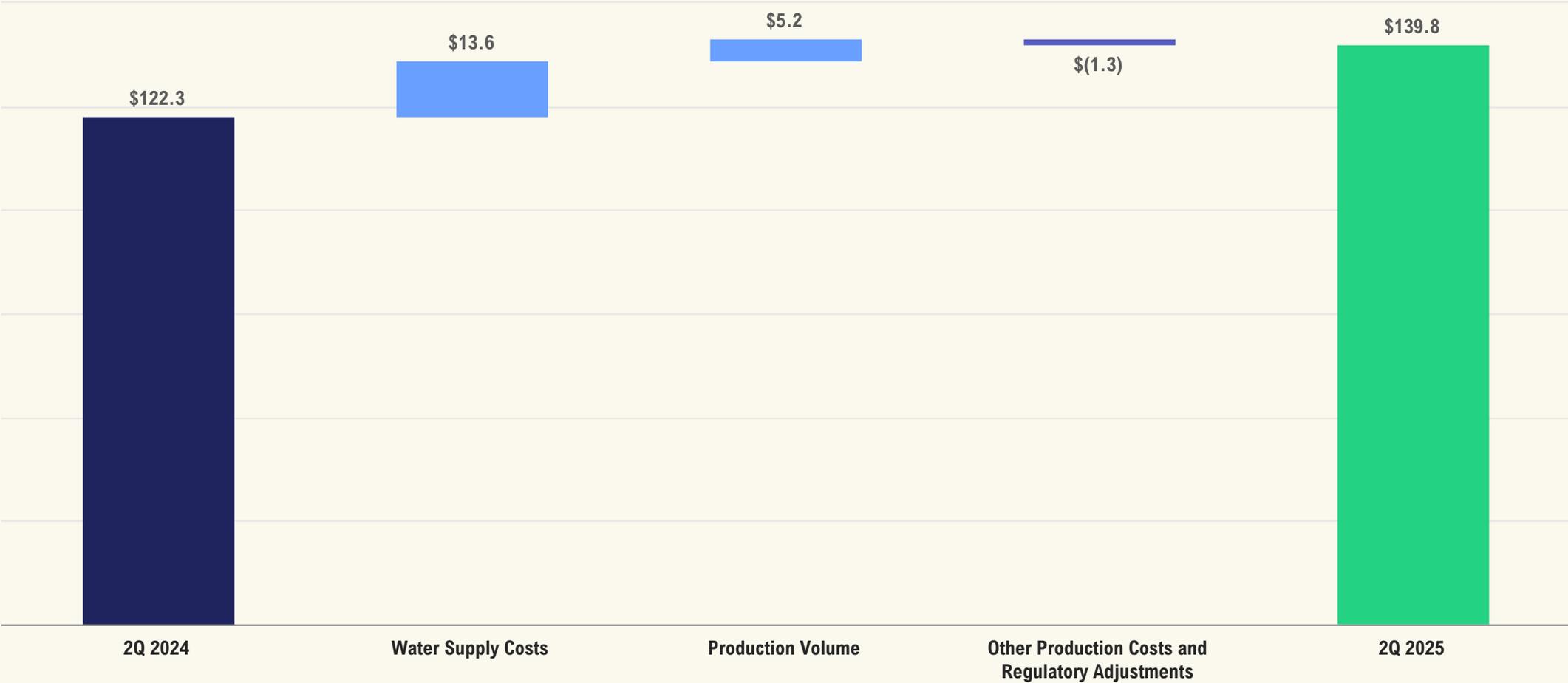
# Revenue Increased by 12% Compared to YTD 2024

Change in Revenue (\$M): YTD 2025 – YTD 2024



# Water Production Expenses Increased 14% from YTD 2024

Change in Water Production Expenses (\$M): YTD 2025 – YTD 2024



# Other Operating Expenses Increased 8% from YTD 2024

Change in Other Operating Expenses (\$M): YTD 2025 – YTD 2024



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# Non-GAAP Financial Measures

H2O America's net income and diluted EPS are prepared in accordance with GAAP and represent the earnings as reported to the Securities and Exchange Commission. Adjusted net income and Adjusted diluted EPS are non-GAAP financial measures representing GAAP earnings adjusted to exclude the effects of non-utility real estate transactions and costs associated with mergers and acquisition activities, if any. These non-GAAP financial measures are provided as additional information for investors to evaluate the performance of H2O America's business activities excluding these items. Management also believes these non-GAAP financial measures help investors and analysts better understand our actual results compared to our guidance on a non-GAAP basis. H2O America uses adjusted net income and/or adjusted diluted EPS as the primary performance measurements when communicating with analysts and investors regarding our outlook and results. Adjusted net income and Adjusted diluted EPS are also used internally to measure performance. However, these non-GAAP financial measures may be different from non-GAAP financial measures used by other companies, even when the same or similarly titled terms are used to identify such measures, limiting their usefulness for comparative purposes. Further, these non-GAAP financial measures should be considered as a supplement to the financial information prepared on a GAAP basis rather than an alternative to the respective GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures

- 2Q and 2025 year-to-date

	Three months ended June 30, 2025		Six months ended June 30, 2025	
	2025	2024	2025	2024
Reported GAAP Net Income .....	\$ 24,675	20,696	\$ 41,226	32,395
Adjustments:				
Loss on sale of real estate investments <sup>1</sup> .....	—	909	—	909
Expense for merger and acquisition activities <sup>2</sup> .....	2,093	—	2,347	—
Tax effect of above adjustments <sup>3</sup> .....	(586)	(291)	(657)	(291)
Adjusted Net Income (non-GAAP) .....	<u>\$ 26,182</u>	<u>21,314</u>	<u>\$ 42,916</u>	<u>33,013</u>
Reported GAAP Diluted Earnings Per Share .....	\$ 0.71	0.64	\$ 1.20	1.00
Adjustments:				
Loss on sale of non-utility real estate, net of tax .....	—	0.02	—	0.02
Expense for merger and acquisition activities, net of tax .....	0.04	—	0.05	—
Adjusted Diluted Earnings Per Share (non-GAAP) .....	<u>\$ 0.75</u>	<u>0.66</u>	<u>\$ 1.25</u>	<u>1.02</u>

<sup>1</sup> Included in the "Other, net" line on the condensed consolidated statements of comprehensive income.

<sup>2</sup> Included in the "Administrative and general" line on the condensed consolidated statements of income.

<sup>3</sup> The tax effect on all adjustments is calculated at the applicable statutory rate.