

Business Valuation of the City of Hawthorne Water System ("HWS")

Discounted Cash Flow Method Inputs

Valuation Date: As of April 30, 2023

Input Data for Hawthorne Water System ("HWS")

Company			12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	Estimated/Projected				
								12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027
HWS	Total Operating Revenue		10,122,598	9,509,261	10,458,289	11,356,472	12,452,009	13,039,596	14,970,329	16,414,487	17,997,959	19,734,187
		<i>Growth Rate</i>		-6.1%	10.0%	8.6%	9.6%	4.7%	14.8%	9.6%	9.6%	9.6%
HWS	Cost of Goods Sold		4,511,096	4,956,820	5,390,639	5,426,788	5,697,386	5,966,235	6,849,637	7,510,408	8,234,922	9,029,329
			44.6%	52.1%	51.5%	47.8%	45.8%	45.8%	45.8%	45.8%	45.8%	45.8%
HWS	Gross Profit		5,611,502	4,552,441	5,067,650	5,929,684	6,754,623	7,073,361	8,120,692	8,904,079	9,763,037	10,704,858
		<i>% of Revenue</i>	55.4%	47.9%	48.5%	52.2%	54.2%	54.2%	54.2%	54.2%	54.2%	54.2%
HWS	Total Operating Expenses*		3,183,538	2,691,547	2,689,803	2,864,074	3,366,636	3,525,501	4,047,511	4,437,967	4,866,088	5,335,510
			31.4%	28.3%	25.7%	25.2%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
HWS	EBITDA		2,427,964	1,860,894	2,377,847	3,065,610	3,387,987	3,547,860	4,073,180	4,466,112	4,896,949	5,369,348
		<i>% of Revenue</i>	24.0%	19.6%	22.7%	27.0%	27.2%	27.2%	27.2%	27.2%	27.2%	27.2%
HWS	Depreciation & Amortization		1,714,793	1,782,608	1,819,820	1,947,935	2,104,970	2,273,368	2,455,237	2,651,656	2,863,789	3,092,892
			16.9%	18.7%	17.4%	17.2%	16.9%	17.4%	16.4%	16.2%	15.9%	15.7%
HWS	EBIT		713,171	78,286	558,027	1,117,675	1,283,017	1,274,492	1,617,943	1,814,456	2,033,160	2,276,456
		<i>% of Revenue</i>	7.0%	0.8%	5.3%	9.8%	10.3%	9.8%	10.8%	11.1%	11.3%	11.5%
HWS	Interest Expense (net)		357,231	319,718	276,287	233,209	190,265					
		<i>% of Revenue</i>	3.5%	3.4%	2.6%	2.1%	1.5%					
HWS	EBT before non-operating other expenses		355,940	(241,432)	281,740	884,466	1,092,752					
		<i>% of Revenue</i>	3.5%	-2.5%	2.7%	7.8%	8.8%					
HWS	Non operating expenses (net of on operating revenue)		89,871	40,985	21,953	(96,079)	(147,388)					
		<i>% of Revenue</i>	0.9%	0.4%	0.2%	-0.8%	-1.2%					
HWS	EBT Pre-tax Income		266,069	(282,417)	259,787	980,545	1,240,140					
		<i>% of Revenue</i>	2.6%	-3.0%	2.5%	8.6%	10.0%					
HWS	Taxes		69,946	65,651	57,859	60,836	68,182					
		<i>% of Revenue</i>	0.7%	0.7%	0.6%	0.5%	0.5%					
HWS	Net Income		196,123	(348,068)	201,928	919,709	1,171,958					
		<i>% of Revenue</i>	1.9%	-3.7%	1.9%	8.1%	9.4%					
HWS	Capital Expenditures		686,086	1,144,391	997,951	4,016,220	1,253,336	2,968,722	1,171,594	655,536	-	-
			6.8%	12.0%	9.5%	35.4%	10.1%	22.8%	7.8%	4.0%	0.0%	0.0%

* To facilitate calculation of EBITDA, please exclude from your total operating expenses all interest, depreciation, and amortization expenses.