



Pure-Play Regulated Water & Wastewater Utility Company

Forward-Looking Statements

This presentation includes certain forward-looking statements which reflect the company's expectations regarding future events. The forward-looking statements involve a number of assumptions, risks, uncertainties, and other factors that could cause actual results to differ materially from those contained in the forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning our strategies; expectations about future business plans, prospective performance, growth, and opportunities, including anticipated continued growth across all areas of our business; future financial performance; acquisition plans and our ability to complete additional acquisitions and the expected future benefits, including the anticipated future potential growth from our acquisition strategy; our dividend policy; population and growth projections; technologies; trends and expectations relating to our industry, market, population and job growth, and housing permits, including our belief that the growth in housing permits in the City of Maricopa and Metro Phoenix is a precursor to the demand for more housing options, including multi-family housing projects; liquidity; plans and expectations for capital expenditures; the anticipated completion of the notes offering, including the anticipated timing and satisfaction of customer closing conditions, as well as our anticipated use of the proceeds from the notes offering; and other statements that are not historical facts as well as statements identified by words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", or the negative of these terms, or other words of similar meaning.

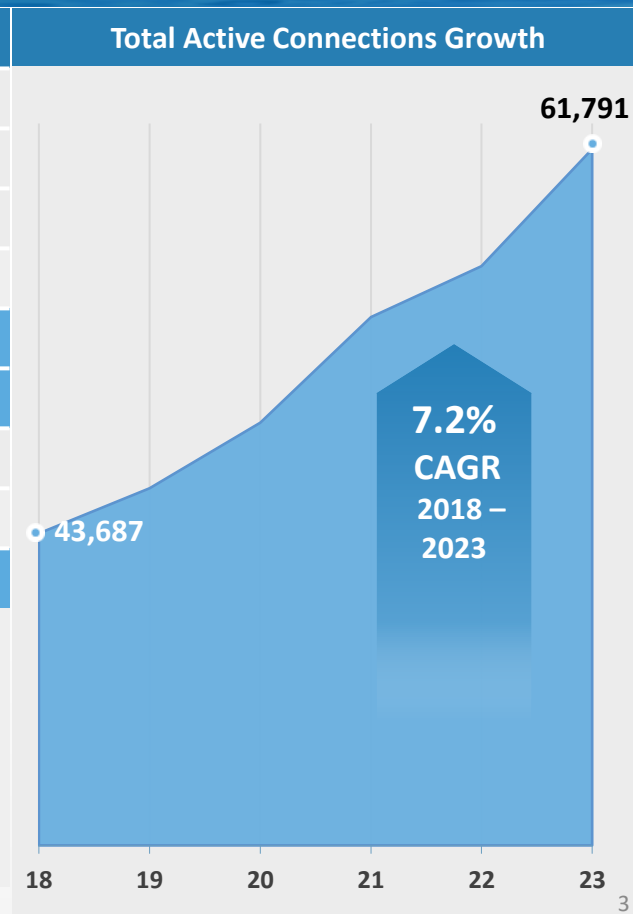
These statements are based on our current beliefs or expectations and are inherently subject to a number of risks, uncertainties, and assumptions, most of which are difficult to predict and many of which are beyond our control. Actual results may differ materially from these expectations due to changes in political, economic, business, market, regulatory, and other factors. Factors that may also affect future results are disclosed under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our filings with the Securities and Exchange Commission (the "SEC"), which are available at the SEC's website at www.sec.gov. This includes, but is not limited to, our Annual Report on Form 10-K for the year ended December 31, 2023, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, and subsequent filings with the SEC. Accordingly, investors are cautioned not to place undue reliance on any forward-looking statements, which reflect management's views as of the date hereof.

We undertake no obligation to publicly update any forward-looking statement, except as required by law, whether as a result of new information, future developments or otherwise.

Global Water Resources Key Stats (NASDAQ: GWRS)



Stock Price 3/6/24	\$13.01	Total Revenue <i>ttm</i>	\$53.0M
52 Week Low-High	\$9.34-\$13.43	Net Income <i>ttm</i>	\$8.0M
Avg. Vol. (3-mo.)	29,075	Net Income Margin <i>ttm</i>	15.1%
Shares Outstanding	24.2M	Adjusted EBITDA <i>ttm</i> ¹	\$25.3M
Public Free Float <i>est.</i>	47%	Adjusted EBITDA Margin <i>ttm</i> ¹	47.8%
Insider Holdings <i>est.</i>	53%	Liquidity ²	\$35.0M
Institutional Holdings	30%	Total Assets @ 12/31/23	\$361.1M
Market Cap	\$315M	Total Debt @ 12/31/23	\$107.5M
Enterprise Value	\$419M	Annual Interest Expense <i>ttm</i>	\$4.9M
Founded	2003	Dividend Yield @ 3/6/24	2.3%
U.S. IPO	2016		
Total Employees	109		
Active Connections	~62K		



¹ Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. For the definition of Adjusted EBITDA and Adjusted EBITDA margin and their reconciliation to GAAP net income (loss) and GAAP net income (loss) margin, see "Reconciliation" slide in Appendix. Adjustment primarily relates to significant non-cyclical revenue received periodically.

² Liquidity as of March 6, 2024, includes cash and cash equivalents and \$15 million of unused credit revolving facility, plus \$20 million from an issuance of new senior secured notes in January 2024.

ttm = Trailing twelve months ended December 31, 2023.
Sources: Capital IQ, IPREO, Nasdaq.com & company estimates

Global Water Resources — Who We Are

- Fast-growing **Water Resource Management** company.
- **Service area primarily in the growth corridors** of metropolitan Phoenix and Tucson, Arizona.
- **Own & operate 29 systems**, providing water, wastewater and recycled water services.
- Recycle **1 billion+ gallons of water annually**.
- **Active M&A program in highly fragmented state:** acquired **12 utilities** since 2017.



MISSION

Aggregate water & wastewater utilities so that we and our customers can realize the benefits of consolidation, regionalization and environmental stewardship in the face of today's water scarcity.

VISION

Grow an enduring utility company with a professional staff focused on:

- Excellent customer service
- Quality water resource delivery
- Management of water scarcity through innovation in water recycling and technologies

Our Commitment



Deliver high-quality service at a fair value.



Leverage advanced technologies that benefit customers, employees and environment.



Manage the entire water cycle through total water management by protecting our most precious resource and ensuring long-term sustainability for the communities we serve.



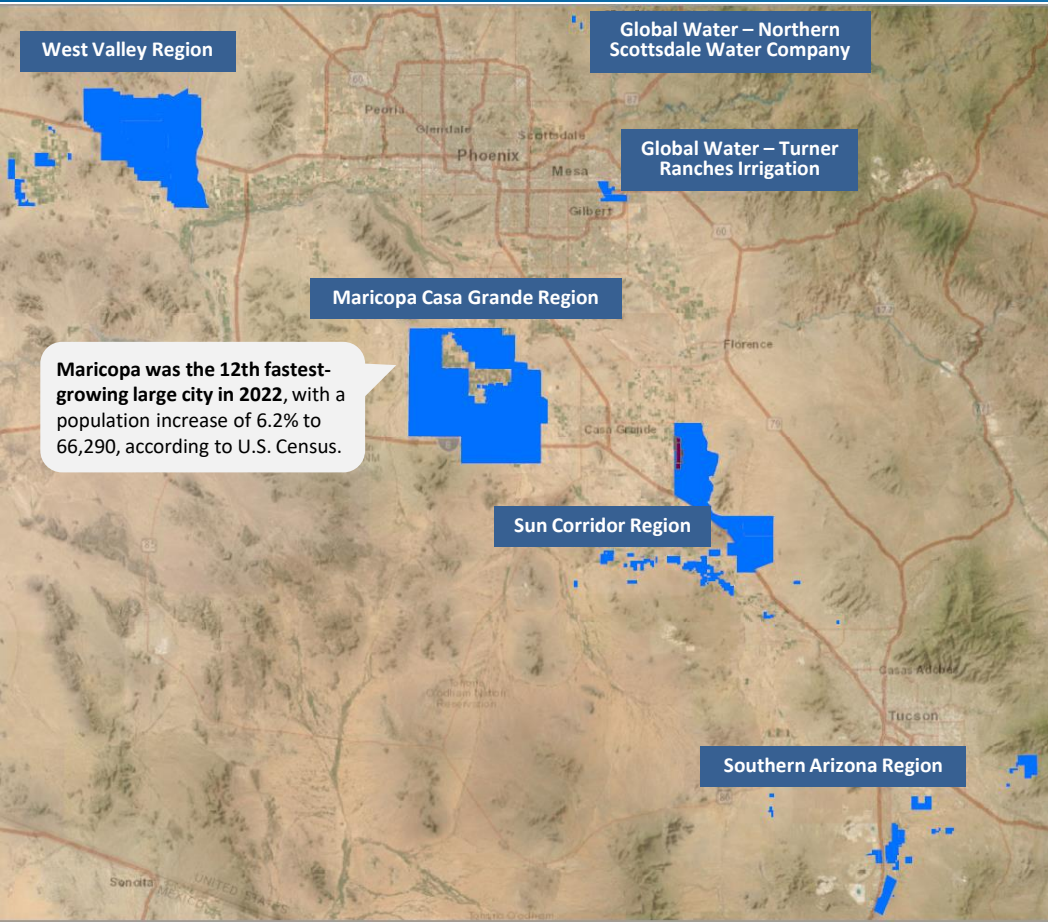
Create an attractive investment opportunity focused on long-term value creation.

Our operational foundation is based on four core beliefs

- **Water is a scarce commodity** that must be conserved and actively managed.
- **Recycled water is a renewable resource** that must be used to the benefit of our customers and environment.
- **100% compliance with all regulatory requirements** is paramount and is in the public interest.
- **True success requires a partnership** with our customers and other stakeholders.



We Establish Large Contiguous Investor-Owned Water Utility Service Areas, Strategically Located in Growth Corridors



Located in Two Fast-Growing Counties¹

Maricopa County

Estimated to grow **22%** to 4.7 million people in 2024 compared to 3.8 million in 2010.

¹) Source: [World Population Review, 2010-2024P.](#)

Pinal County

Estimated to grow **31%** to ~496,000 people in 2024 from ~379,000 in 2010.

¹) Source: [World Population Review, 2010-2024P.](#)

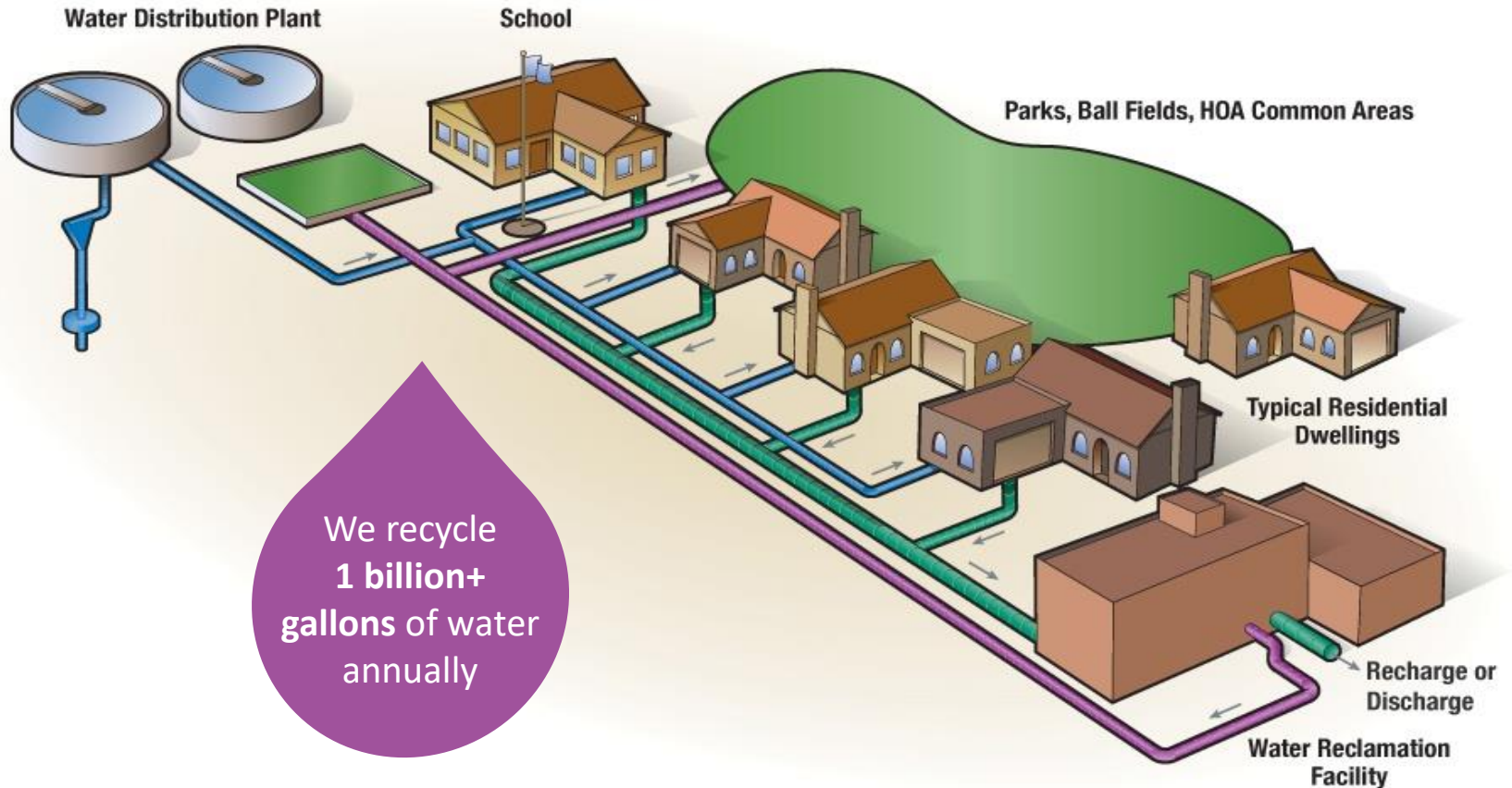
61,791 Total Active Connections

@ December 31, 2023

500+ Square Miles Permitted Service Territory

~385 square miles of certificated service area

We Manage the Entire Water Cycle Through Our Operating Model of Total Water Management



We recycle
1 billion+
gallons of water
annually

Utilization of Advanced Technology Results in Conservation, Improved Service Levels & Efficiencies



**Advanced
Treatment Systems**



Automated Asset Management



Centralized Call Centers



Remote Meter Reading



Real-time Monitoring



**Sophisticated Team of Engineers,
Analysts & Technicians**



Environmental

As a water resource management company, we will always be focused on conservation.

Operational Platform

- Recycling over one billion gallons/year reduces demand on underground aquifers by 30%.
- All biological waste converted to fertilizer.
- Efficient systems minimize energy usage and carbon footprint.

Customer Platform

- Automated hourly meter reading provides customers actionable information for water conservation.
- Automated leak detection alerts.
- Conservation rebates rewards customers for using less water.



Social

Employee Focus: Training and Safety

- Training and Safety is company's top mandate
- E-mod of 0.89 below industry average of 1.0

Customer Focus

Surpassed six years since last significant compliance violation.

- **Health:** water quality is paramount, meeting all compliance standards (EPA, ADEQ, others)
- **Service:** dedicated call center staff, high customer service scores, online customer portal allows automated ebills/epay.
- **Assistance:** expanded customer assistance program and provided over \$120,000 in assistance to customers in 2020, over \$80,000 in 2021 and more than \$105,000 in 2022.

Community Focus: We are an integral part of the community we serve, supporting sponsorships, partnerships and donations.



Governance

- **Board of Directors:** Highly qualified, relevant experience, majority independent.
- Management incentivized to be aligned with the interests of shareholders and other stakeholders.
- Audited by a Big 4 accounting firm.
- As a U.S. public company, we take the requirements to maintain effective internal controls seriously.
- We published our 2023 ESG Report in August which can be found on our website in the investor section

- **Underground aquifers are our primary source of fresh water supply.**
- **We do not rely on the Colorado River for water.**
- **We have an existing assured water supply** from the Maricopa Stanfield Sub-basin aquifer.
 - **~23,000 acre** feet per year capacity.
 - Currently using only **~8,750 acre** feet annually or about one-third of total capacity.
 - One acre-foot of water = 325,000 gallons of water, or enough to serve more than three homes annually.
 - 14,250 acre-feet untapped x 3 = 40,000 additional homes.
- Well positioned to grow notwithstanding regional water constraints.
- Global Water is at forefront of water resource management and involved with developing long-term water solutions.

Maricopa-Stanfield Sub-basin Aquifer



Maricopa Stanfield Sub-basin aquifer sits under the City of Maricopa, Arizona, located just south of Phoenix.

At **~23,000** acre-feet of water per year, our Assured Water Supply is **one of the largest in the region.**



Organic Connection Growth

Grow our customer base with new active connections in our service areas.



New Service Areas

Expand our service areas in Arizona growth corridors.



Acquisitions

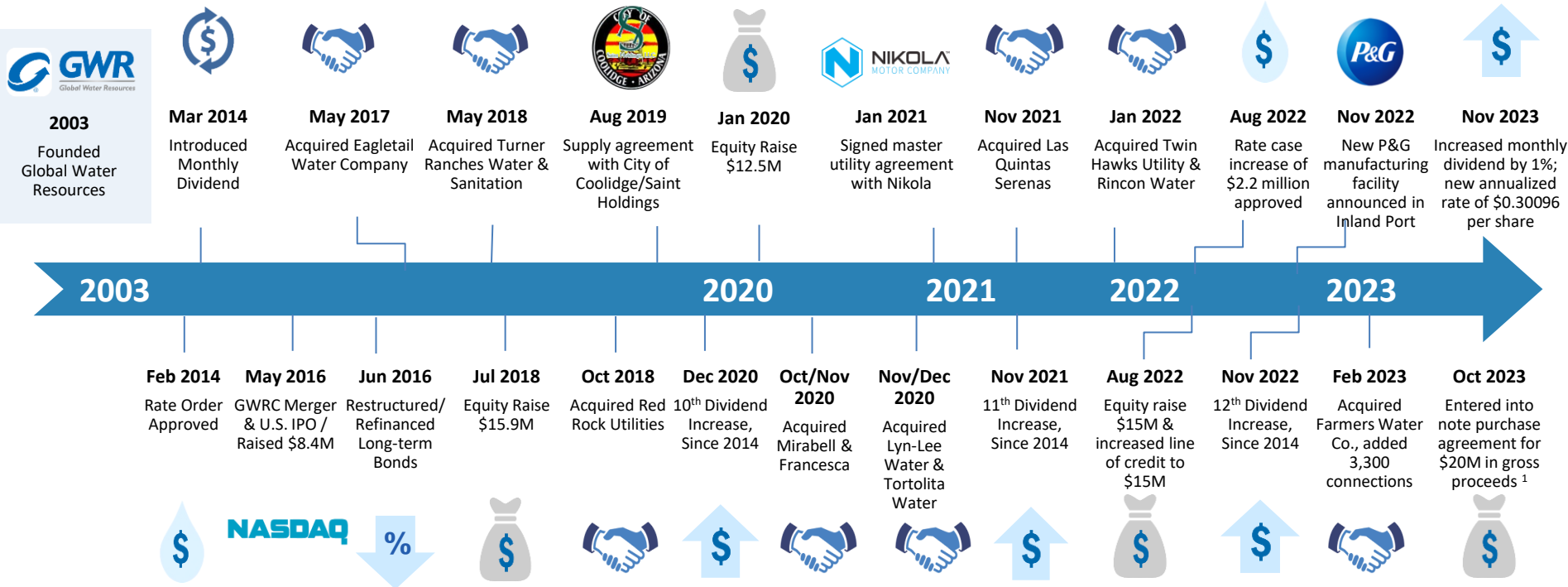
Make accretive acquisitions of water and wastewater utilities.



Utility Rate Increases

Rate increases from rate cases with Arizona Corporation Commission.

Major Milestones Establish a History of Growth & Success



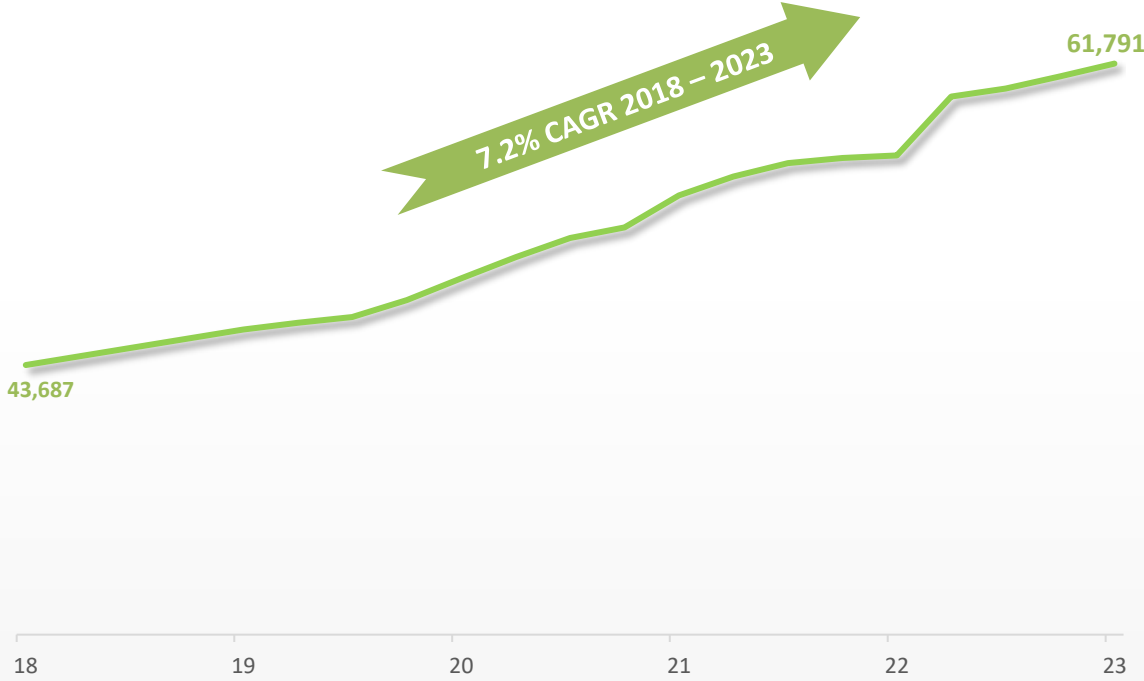
1) The company anticipates closing the notes offering on January 3, 2024.

**Organic
Growth Continues**

Up 9.8% y/y
at December 31, 2023

**Additional Growth
Opportunities through
Acquisitions &
New Service Areas**

Total Active Connections



Maricopa/Pinal County Business Boom



Aerospace & Defense




- BOEING
- Raytheon Technologies
- Honeywell
- ECUBE
- BAE SYSTEMS
- GENERAL DYNAMICS
- UTC Aerospace Systems

Data Centers



- Microsoft
- Google
- EDGECORE INTERNET REAL ESTATE
- facebook
- Apple
- IRON MOUNTAIN

Semiconductor



- intel
- onsemi
- CCP
- tsmc
- EDWARDS
- NXP
- MICROCHIP
- TEXAS INSTRUMENTS

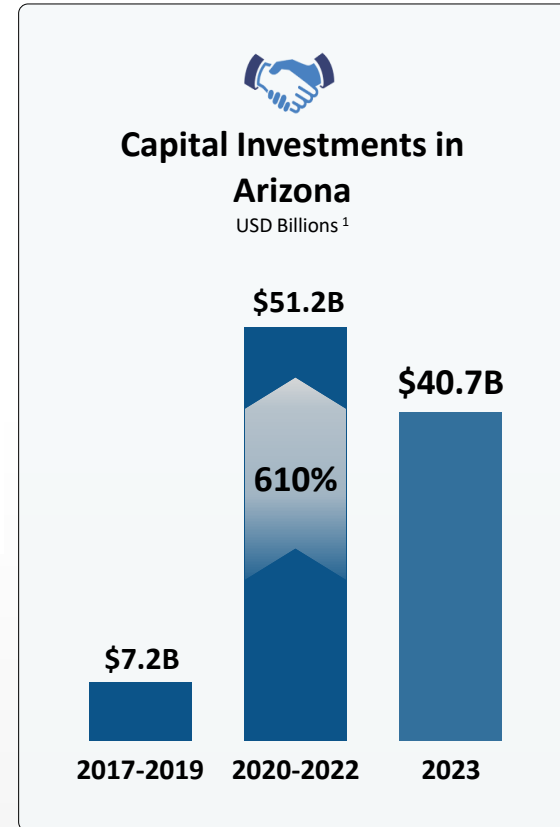
Automated and EV's



- LUCID
- NIKOLA
- nuRO
- P&G
- LG
- WAYMO
- ATUIS MOTOR VEHICLES
- COX AUTOMOTIVE
- Cirba Solutions
- udelv
- KOHLER
- KOREPOWER

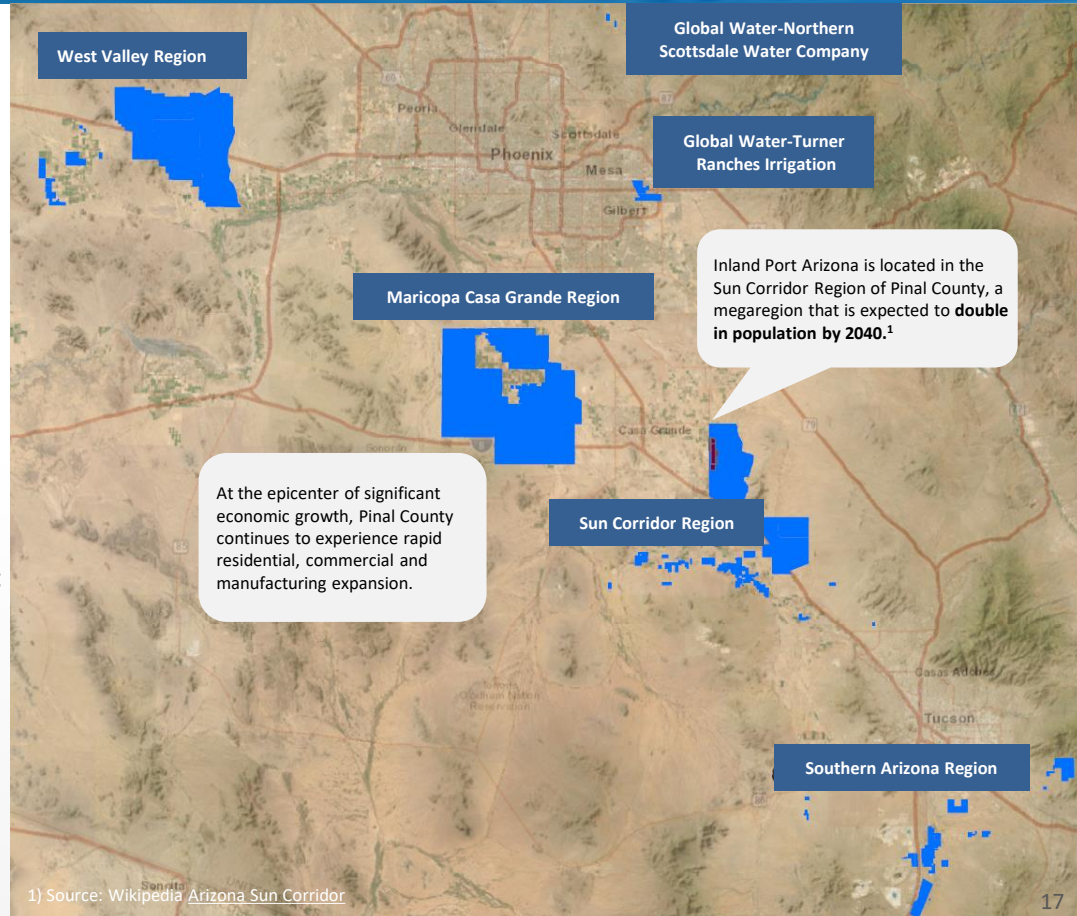
Arizona's Booming Economy

- **\$40.7B** of capital invested in Arizona in 2023. ¹
- **\$51.2B** of capital invested in Arizona for the years 2020 through 2022, up **610%** over the preceding three years. ¹
- Major new manufacturing facility announcements by TSMC, Intel and P&G:
 - Dec. 2022: **TSMC** announced opening a second chip plant in AZ, raising its investment in the state to **\$40B**.
 - Intel and Canada's Brookfield Asset Management have announced a deal to jointly fund Intel fabrication facilities in Chandler, AZ for up to **\$30B**. ²
 - P&G announced **\$500M** investment for new manufacturing facility at Inland Port.
- ~478,000 new jobs to be created in AZ by 2032, an annualized growth rate of 1.4%, more than four times the U.S. rate. ³
- Arizona has become a central business hub:
 - Ranked #1 in the U.S. for entrepreneurial activity. ⁴
 - State individual income tax at 2.5% - among lowest in U.S. ⁵
 - Corporate income tax at 4.9% - among lowest in U.S. ⁴



Service Area Expansion: Global Water to Service 30 sq Mile Planning Area & 2,700 Acre Industrial Mega-Site

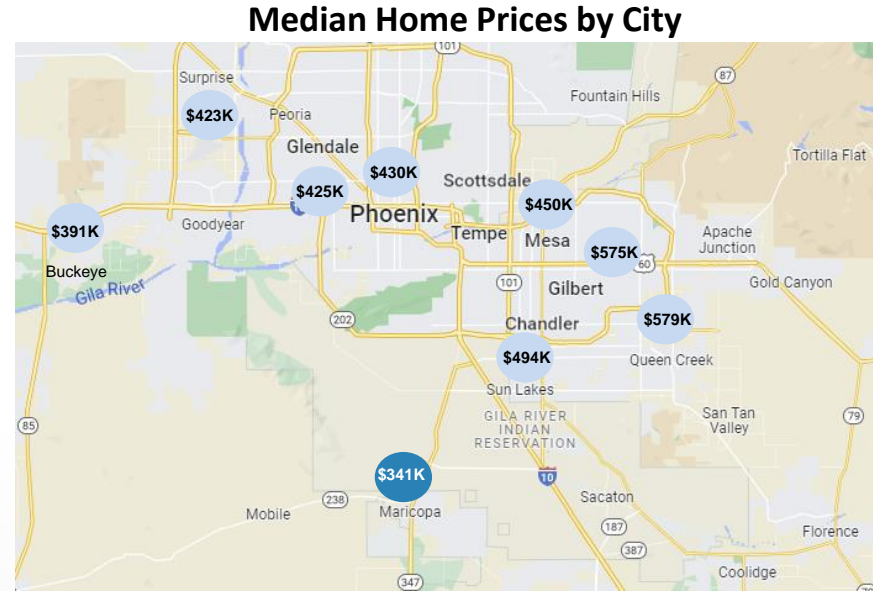
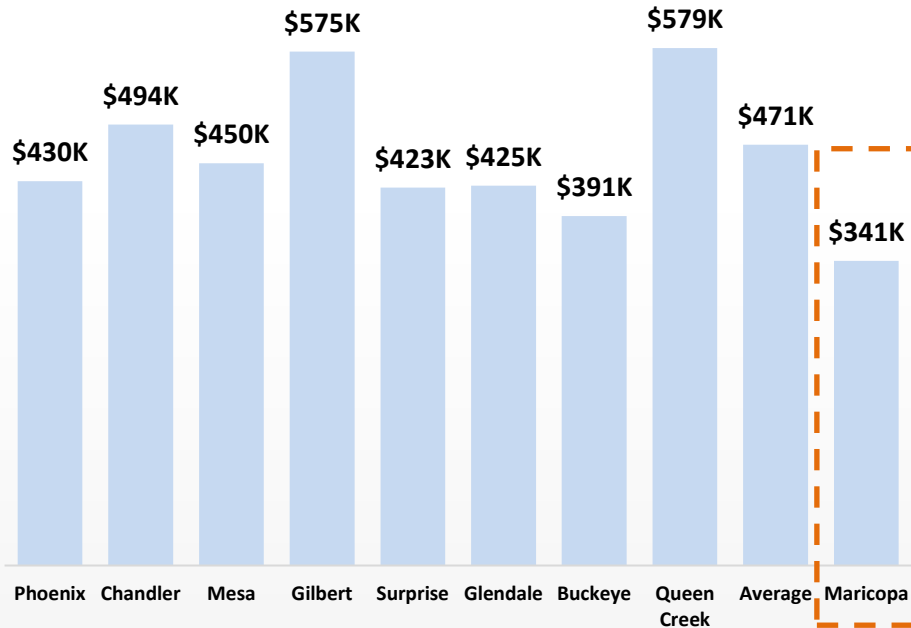
- **Signed agreements with City of Coolidge and Saint Holdings** to provide water, wastewater, and recycled water services to Phoenix-area industrial mega-site under development.
- Located southeast of Phoenix in **Sun Corridor** where large-scale economic development projects are underway:
 - **2,700 sq. acre** industrial mega-site served by rail and major highways.
 - Also, signed franchise agreement with Coolidge for the surrounding 30 sq. miles of their southern planning area.
 - Received ACC permit for major portion of planning area.
 - Actively engaged with developers to provide utility solutions for new projects in this expansive area, from factories and large offices to retail centers and residential.
- **Nov. 2022:** P&G received approval of an economic development agreement to build a **new manufacturing facility on 427 acres at Inland Port** in our approved service area adjacent to Nikola.
 - Represents **\$500M** investment by P&G.
 - Expected to create **~500 new jobs**.
 - We will work directly with P&G to establish **water, wastewater and recycled water services** for the facility.
 - We are planning to service the facility by 2026.



1) Source: Wikipedia Arizona Sun Corridor

Maricopa's Favorable Median Home Prices

Median Home Prices as of January 2024¹



Maricopa's median home price of \$341K is a 28% discount to the average median home price of \$471K.

1. [redfin.com](https://www.redfin.com)



Acquired 12 Utilities Since 2017

- Eagletail Water
- Turner Ranches
- Red Rock Water
- Red Rock Wastewater
- Mirabell Water
- Francesca Water
- Tortolita Water
- Lyn-Lee Water
- Twin Hawks
- Rincon
- Las Quintas Serenas
- Farmers Water Company



These acquisitions added a total of

- **7,670** connections
- **~61.3** square miles of service area
- **~\$4.4M** in 2022 annual revenue, including Farmers estimated



- In preliminary discussions with several other utilities.
- Significant opportunities and need for consolidation in Arizona
- 300+ investor-owned water & wastewater utilities in the state¹

Farmers Water Co. Acquisition

- **February 1, 2023:** Acquired Farmers Water Co., a subsidiary of Farmers Investment Co. located in Pima County.
- Acquisition adds:
 - ~**3,300** active water service connections.
 - ~**\$1.5 million** in expected future annual revenue.
 - **21.5 sq. miles** of Certificate of Convenience and Necessity service area in Sahuarita.
- **We plan to enhance Farmers Water's cybersecurity and upgrade its water connections** from manually-read meters to smart meters.
- In conjunction, we signed a Memorandum of Understanding to serve an additional future ~50 square miles of Sahuarita's planning area.
- Represents Global Water's **seventh acquisition** in Pima County and second in the Town of Sahuarita.



Rate Case Finalized in July 2022

- On July 27, 2022, we received approval from the Arizona Corporation Commission (ACC) to establish new rates for 96% of our active service connections at the time of the rate case filing, effective August 1, 2022.
- New rates will be phased-in over ~2 years
 - Expected to result in a collective revenue increase of approximately \$2.2 million on an annualized basis (including the acquisition premiums discussed below), based on 2019 test year service connections.
- ACC also approved the consolidation of rates for several Global Water utilities.
- In addition, the ACC approved acquisition premiums related to our acquisition of our Red Rock and Turner Ranches utilities. This increased the rate base for these utilities and resulted in an increase in the annual revenue requirement.



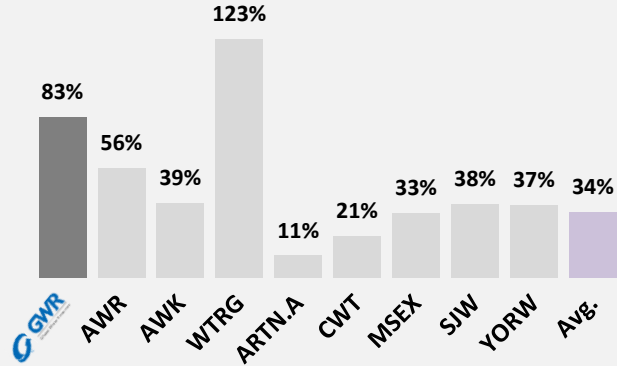
Global Water Differentiators Provide Unique & Compelling Opportunity

Metric	Metric Driver
Strong Revenue Growth	<ul style="list-style-type: none">• Organic connection growth• Utility rate increases• Acquisitions• New service areas
High EBITDA Margin	<ul style="list-style-type: none">• New regional utilities• Advanced, highly automated technology• Operationally efficient
Strong Free Cash Flow	<ul style="list-style-type: none">• High EBITDA margins• Historically low maintenance CAPEX
Strong Net Income	<ul style="list-style-type: none">• Net income totaled \$8.0M for full year 2023.

We Compare Favorably to Our Peers Across Key Metrics

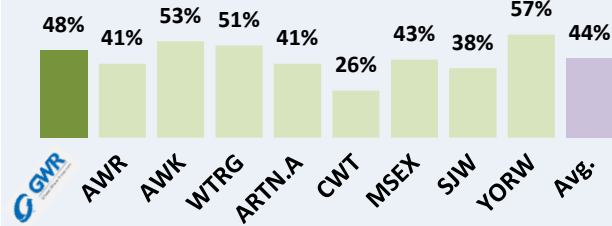
EBITDA Growth

TTM vs FY 2016



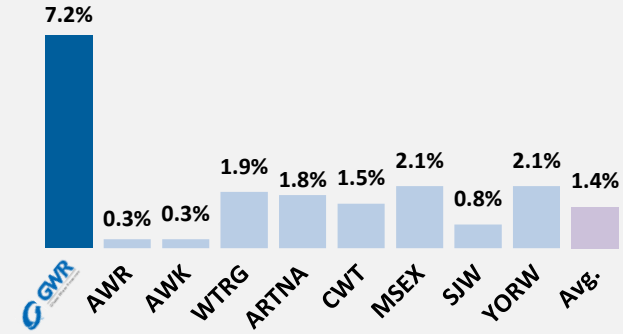
Adjusted EBITDA Margin

TTM



Active Connection Growth

5-Year Average
as of 12/31/2023



	Global Water Resources (GWR5)	American States Water Company (AWR)	American Water Works Company (AWK)	Essential Utilities, Inc. (WTRG)	Artesian Resources Corp. (ARTNA)	California Water Service Group (CWT)	Middlesex Water (MSEX)	SJW (SJW)	The York Water Co. (YORW)	Peer Comp. Average ²
EBITDA Growth ¹	83%	56%	39%	123%	11%	21%	33%	38%	37%	34%
EBITDA Margin ¹	48%	41%	53%	51%	41%	26%	43%	38%	57%	44%
Active Connection Growth 5-Year Avg.	7.2%	0.3%	0.3%	1.9%	1.8%	1.5%	2.1%	0.8%	2.1%	1.4%

GWR5: Strong EBITDA Margin and EBITDA Growth, and Leading Active Connection Growth vs. Peers

All financial information is based on trailing 12 mo. as of 12/31/2023, unless otherwise noted. Sources: Capital IQ & company estimates. EBITDA Growth is trailing twelve months as of December 31, 2023 as compared to full year 2016. The company's non-GAAP measures, including EBITDA, EBITDA Growth and EBITDA margin, may not be calculated identically by other companies.

1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. For the definition of Adjusted EBITDA and Adjusted EBITDA margin and their reconciliation to GAAP net income (loss) and GAAP net income (loss) margin, see "Reconciliation" slide in Appendix.

2) EBITDA growth peer comp average excludes outlier WTRG.

Q4 2023 Financial Results

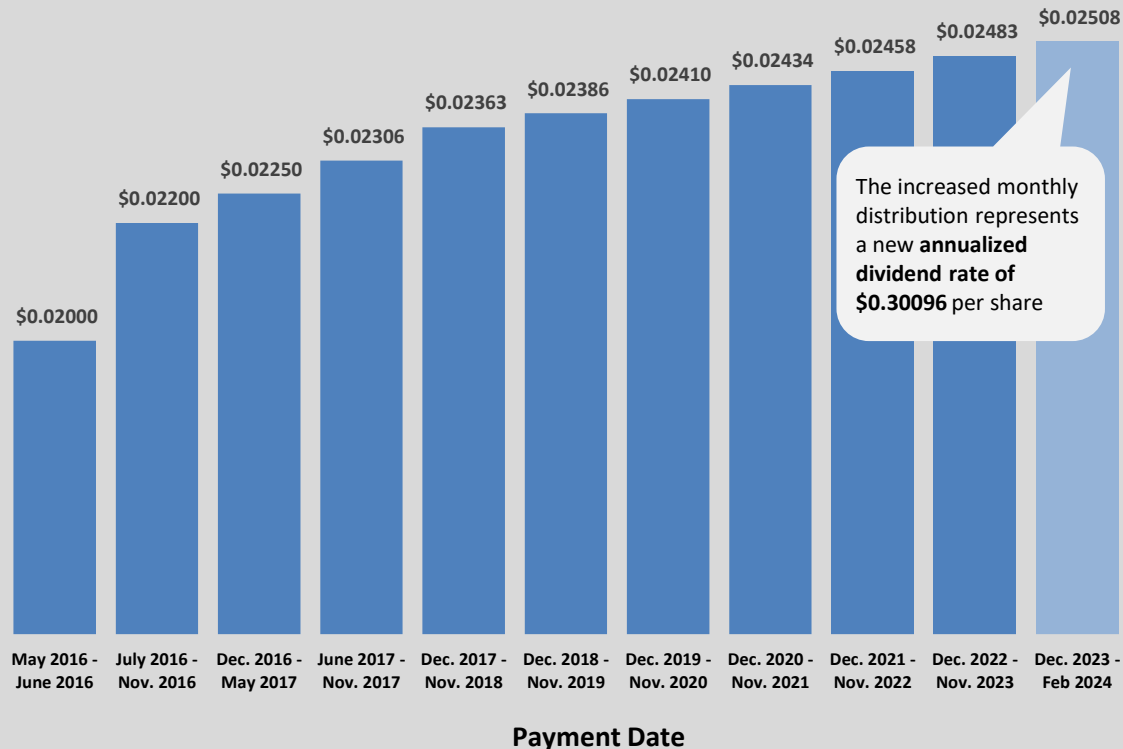
- **Total active connections:** up 9.8% y/y to 61,791 at December 31, 2023.
- **Regulated revenues:** up 11.4% to \$12.4M. ¹
- **Net income:** \$1.1M.
- **Net income margin:** 9.2%.
- **Adjusted EBITDA margin:** 47%. ²
- **~\$35M of capital resources:** reflects cash and cash equivalents, including \$20M from issuance of new senior secured notes in January 2024, and the amount available for borrowing under \$15M revolving line of credit. ³

1) There were no unregulated revenues in either period.

2) Adjusted EBITDA margin is a non-GAAP financial measure. For the definition of Adjusted EBITDA margin and its reconciliation to GAAP net income margin, see “Reconciliation” slide in Appendix.

3) Total capital resources as of March 6, 2024

Monthly Dividend Growth



Disciplined Growth



- Drive organic revenue growth from new connections and new rates phased in annually
- Accretive acquisitions and service area expansion:
 - Acquired 12 utilities in Maricopa, Pinal and Pima County since 2017.
 - New Service Area in City of Coolidge – 30 square miles with 2,700 acre Industrial Mega-site.
- Rate Case opportunity

Focused Capital Investment Program



- CAPEX investment in existing utilities focused on increasing revenue, reducing expense & building rate base to provide safe, reliable service
- Increased CAPEX possible due to new service areas and upgrades of acquired utilities

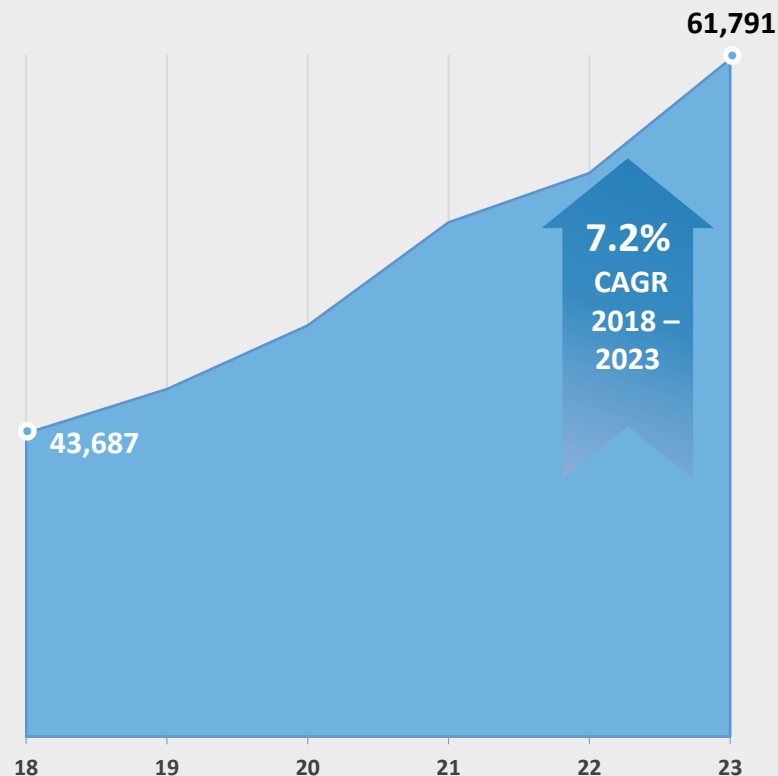
Strong Dividend Policy



- Committed to paying and evaluating recurring dividend as part of our long-term shareholder value-creation strategy

- **Pure-play, high growth** water resource management company, focused on conservation.
- **High Connection Growth Rate** – 7.2% CAGR in active service connections from 2018 to 2023.
- **Acquisitions & new service area** platform
- **Rate Case approval** for \$2.2 million increase.
- **Exclusive** right to provide service in large service areas.
- **Capacity** to significantly grow customer base with existing water supplies.
- **Highly automated utilities** focused on operational efficiency, technology and future expansion.
- **Strong dividend policy** driving value creation.

Total Active Connections Growth



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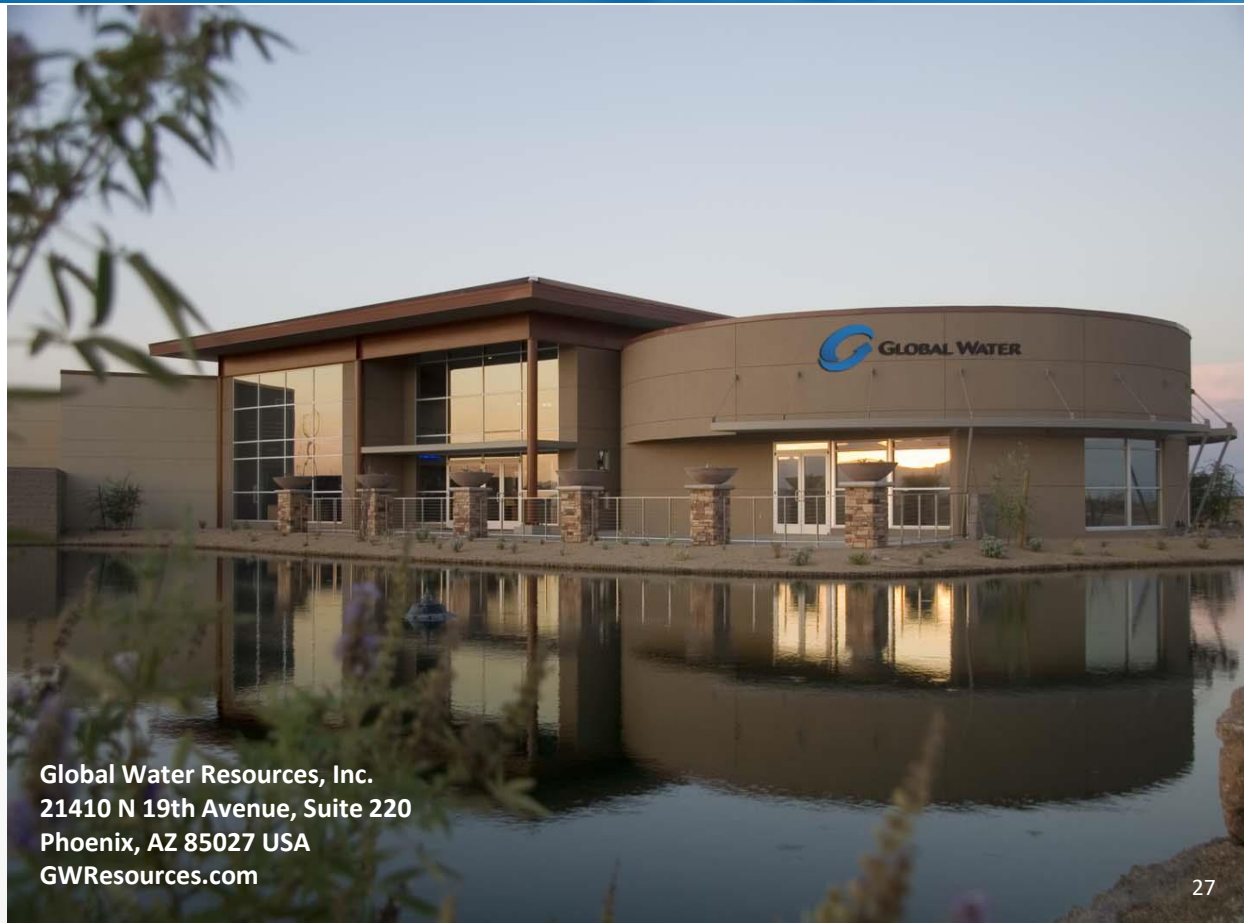
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Appendix

Leadership Team



Ron L. Fleming
President, CEO & Director

20+ years of related management and utility experience, including project management on numerous large-scale heavy civil infrastructure projects throughout Arizona.

Previously served as Global Water's project manager, general manager, vice president and chief operations officer.

Serves on the board of directors for the Water Utility Association of Arizona, Maricopa Economic Development Alliance and Pinal Partnership where he is the Co-Chair of the Water Resources Committee.

BA, Construction Management, School of Engineering at Northern Arizona University.



Mike Liebman
CFO & SVP

21+ years of finance and management experience.

9+ years at Global Water raising over \$180 million of capital during that time.

Prior to Global Water, was Sr. Director at Alvarez and Marsal, where he successfully negotiated the restructuring of over \$3 billion in capital and raised \$750 million of new capital for clients.

Certified Public Accountant (CPA) and Certified Insolvency and Restructuring Advisor (CIRA).

B.A., Accounting, Northern Arizona University.



Chris Krygier
Chief Operations Officer

15+ years' experience in operational management, regulatory strategy, and capital deployment for large projects and transactions, along with multi-state experience and industry knowledge.

Previously served as director of operations for a water and wastewater utility division of a publicly-traded, multi-national, renewable energy and regulated utility conglomerate.

Earlier held several positions of increasing responsibility at Arizona's largest water and wastewater investor-owned utility.

Certified Management Accountant and CFA charter-holder.

B.S., Economics; MBA, Finance, Arizona State University, W. P. Carey School of Business.



Joanne Ellsworth
EVP of Corporate Affairs

Joined Global Water in 2011, with 17 years of experience as an attorney, including representing municipalities regarding economic development, infrastructure financing and construction, condemnation, and zoning.

Member of the Missouri Bar, a graduate of the University of Kansas and the University of Missouri Kansas City – School of Law (UMKC), where she was a member and editor of the UMKC Law Review.

Serves on board of directors of Water Utility Association of Arizona.

Consolidated Balance Sheets

Financial information in this and the following slides are presented in thousands (except share and per share amounts). Unaudited.

	December 31, 2023	December 31, 2022
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Land	\$ 2,674	\$ 1,480
Depreciable property, plant and equipment	414,170	344,043
Construction work-in-progress	48,147	66,039
Other	697	697
Less accumulated depreciation	(142,367)	(124,522)
Net property, plant and equipment	323,321	287,737
CURRENT ASSETS:		
Cash and cash equivalents	3,087	6,561
Accounts receivable, net	2,845	2,139
Customer payments in-transit	543	462
Unbilled revenue	2,755	2,557
Taxes, prepaid expenses and other current assets	2,494	2,439
Total current assets	11,724	14,158
OTHER ASSETS:		
Goodwill	10,820	4,957
Intangible assets, net	8,841	10,139
Regulatory assets	2,898	3,169
Restricted cash	1,676	1,001
Right-of-use assets	1,741	1,891
Other noncurrent assets	74	34
Total other assets	26,050	21,191
TOTAL ASSETS	\$ 361,095	\$ 323,086

	December 31, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,027	\$ 2,173
Accrued expenses	7,129	8,056
Customer and meter deposits	1,628	1,682
Long-term debt, current portion	3,880	3,833
Leases, current portion	553	505
Total current liabilities	14,217	16,249
NONCURRENT LIABILITIES:		
Line of credit	2,315	—
Long-term debt	101,341	104,945
Long-term lease liabilities	1,370	1,616
Deferred revenue - ICFA	19,656	20,974
Regulatory liabilities	6,076	6,371
Advances in aid of construction	111,529	93,656
Contributions in aid of construction, net	36,409	26,404
Deferred income tax liabilities, net	8,284	5,949
Acquisition liabilities	3,048	1,773
Other noncurrent liabilities	8,230	755
Total noncurrent liabilities	298,258	262,443
Total liabilities	312,475	278,692
SHAREHOLDERS' EQUITY:		
Common stock, \$0.01 par value, 60,000,000 shares authorized; 24,492,918 and 24,095,139 shares issued as of December 31, 2023 and December 31, 2022, respectively.	240	239
Treasury stock, 317,677 and 224,093 shares at December 31, 2023 and December 31, 2022, respectively.	(2)	(2)
Paid in capital	47,585	44,157
Retained earnings	797	—
Total shareholders' equity	48,620	44,394
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 361,095	\$ 323,086

Unaudited Consolidated Statements of Operations



	Year Ended December 31,	
	2023	2022
REVENUES:		
Water services	\$ 24,860	\$ 20,885
Wastewater and recycled water services	25,382	23,843
Unregulated revenues	2,786	—
Total revenues	53,028	44,728
OPERATING EXPENSES:		
Operations and maintenance	12,669	10,889
General and administrative	16,636	16,130
Depreciation and amortization	11,437	9,890
Total operating expenses	40,742	36,909
OPERATING INCOME	12,286	7,819
OTHER INCOME (EXPENSE):		
Interest income	52	65
Interest expense	(4,882)	(4,759)
Allowance for equity funds used during construction	981	723
Other, net	2,417	2,592
Total other expense	(1,432)	(1,379)
INCOME BEFORE INCOME TAXES	10,854	6,440
INCOME TAX EXPENSE	(2,872)	(934)
NET INCOME	\$ 7,982	\$ 5,506
Basic earnings per common share	\$ 0.33	\$ 0.24
Diluted earnings per common share	\$ 0.33	\$ 0.24
Dividends declared per common share	\$ 0.30	\$ 0.30
Weighted average number of common shares used in the determination of:		
Basic	24,044,950	23,172,733
Diluted	24,129,542	23,332,356

	Three Months Ended December 31,			
	2023	2022	Change	% Change
REVENUES:				
Water services	\$ 5,944	\$ 5,031	\$ 913	18.1 %
Wastewater and recycled water services	6,424	6,073	351	5.8 %
Unregulated revenues	—	—	—	— %
Total revenues	12,368	11,104	1,264	11.4 %
OPERATING EXPENSES:				
Operations and maintenance	3,112	2,629	483	18.4 %
General and administrative	4,702	4,551	151	3.3 %
Depreciation and amortization	2,892	2,691	201	7.5 %
Total operating expenses	10,706	9,871	835	8.5 %
OPERATING INCOME	1,662	1,233	429	34.8 %
OTHER INCOME (EXPENSE):				
Interest income	41	40	1	— %
Interest expense	(1,173)	(1,404)	231	(16.5)%
Allowance for equity funds used during construction	203	723	(520)	(71.9)%
Other, net	798	362	436	120.4 %
Total other expense	(131)	(279)	644	—
INCOME BEFORE INCOME TAXES	1,531	954	577	60.5 %
INCOME TAX EXPENSE	(388)	(129)	(259)	200.8 %
NET INCOME	\$ 1,143	\$ 825	\$ 318	38.5 %
Net Income Margin				
Basic earnings per common share	\$ 0.05	\$ 0.03		
Diluted earnings per common share	\$ 0.05	\$ 0.03		
Dividends declared per common share	\$ 0.07	\$ 0.07		
Weighted average number of common shares used in the determination of:				
Basic	24,174,444	23,870,350		
Diluted	24,221,481	23,971,848		

Reconciliation of GAAP to Non-GAAP Financial Measures

Cautionary Statement Regarding Non-GAAP Measures

This presentation contains certain financial measures that are not recognized measures under accounting principles generally accepted in the United States of America (“GAAP”), including, EBITDA, adjusted EBITDA, adjusted net income, adjusted basic earnings per common share and adjusted diluted earnings per common share. EBITDA is defined for the purposes of this presentation as net income before interest, income taxes, depreciation, and amortization. Adjusted EBITDA is defined as EBITDA excluding the gain or loss related to (i) nonrecurring events; (ii) option expense related to awards made to the board of directors and management; (iii) restricted stock expense related to awards made to executive officers; (iv) disposal of assets; and (v) ICFA revenue recognition. Adjusted net income and adjusted earnings per common share reflect net income and earnings per common share excluding (i) ICFA revenue and (ii) the amortization related to ICFA intangible assets.

Management believes that EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per common share, and adjusted diluted earnings per common share are useful supplemental measures of our operating performance and provide our investors meaningful measures of overall corporate performance. EBITDA is also presented because management believes that it is frequently used by investment analysts, investors, and other interested parties as a measure of financial performance. Adjusted EBITDA, adjusted net income, adjusted earnings per common share, and adjusted diluted earnings per common share is also presented because management believes that it provides our investors a measure of our recurring core business. However, non-GAAP measures do not have a standardized meaning prescribed by GAAP, and investors are cautioned that non-GAAP measures, such as EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per common share, and adjusted diluted earnings per common share, should not be construed as an alternative to net income or loss or other income statement data (which are determined in accordance with GAAP) as an indicator of our performance or as a measure of liquidity and cash flows. Management’s method of calculating EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per common share, and adjusted diluted earnings per common share may differ materially from the method used by other companies and accordingly, may not be comparable to similarly titled measures used by other companies.

A reconciliation of EBITDA and adjusted EBITDA to net income, the most comparable GAAP measure, is included in the schedules on this slide.

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net Income	\$ 1,143	\$ 825	\$ 7,982	\$ 5,506
Income tax expense	388	129	2,872	934
Interest income	(41)	(40)	(52)	(65)
Interest expense	1,173	1,404	4,882	4,759
Depreciation	2,892	2,691	11,437	9,890
EBITDA	5,555	5,009	27,121	21,024
ICFA revenue	—	—	(2,786)	—
Management option expense	0	39	92	174
(Gain) loss on disposal of fixed assets	20	7	(63)	4
Restricted stock expense	235	395	972	1,344
Rate case adjustment	—	38	—	314
EBITDA adjustments	255	479	(1,785)	1,836
Adjusted EBITDA	\$ 5,810	\$ 5,488	\$ 25,336	\$ 22,860
<i>Adjusted EBITDA Margin</i>	<i>47%</i>	<i>49%</i>	<i>48%</i>	<i>51%</i>

	Twelve Months Ended December 31,	
	2016	
Net Income (Loss)	\$ (2,852)	
Income tax expense (benefit)	(1,489)	
Interest income	(18)	
Interest expense	11,866	
Depreciation and amortization	6,279	
EBITDA	13,786	
<i>EBITDA Margin</i>	<i>46%</i>	
Loss on sale of Willow Valley	54	
Board Option Expense	648	
Gain on sale of Sonoran acquisition liability	(954)	
Equity investment loss	340	
EBITDA adjustments	88	
Adjusted EBITDA	\$ 13,874	
<i>Adjusted EBITDA Margin</i>	<i>46%</i>	