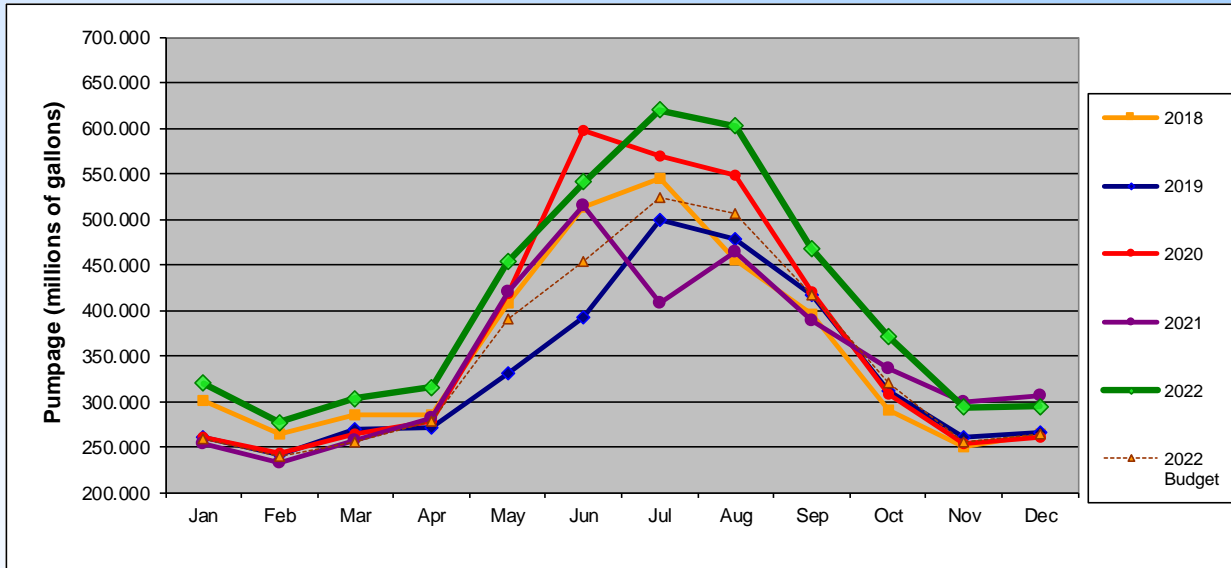


**Financial Review
Of
The Unaudited Results and Usage
through December 31, 2022**

As of February 24, 2023

Pennichuck Corporation
PWW Pumpage

12/31/2022
(\$000's)



Pumpage Data (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2018	300.940	263.970	284.930	285.380	407.240	512.830	544.480	455.820	395.690	289.960	250.230	264.060	4,255.530
2019	260.370	240.390	269.960	271.300	330.760	391.640	498.650	477.710	417.220	310.770	261.280	266.650	3,996.700
2020	259.710	243.430	264.260	278.920	417.600	597.850	569.160	548.440	420.920	308.680	254.120	260.320	4,423.410
2021	253.700	232.920	256.480	282.210	420.230	514.850	407.890	464.110	389.090	336.650	298.980	306.730	4,163.840
2022	319.760	277.040	303.130	315.450	453.040	540.960	619.770	602.570	468.420	371.560	293.720	294.170	4,859.590

Pumpage Data - Budget (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2022 Budget	257.927	238.913	255.065	277.477	390.630	453.377	524.260	505.357	416.668	320.744	255.210	263.677	4,159.303

Pennichuck Corporation
YTD Income Statement

Business: Consolidated

12/31/2022
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	<u>Prior</u>	<u>Change</u>		<u>Actual</u>	<u>Change</u>		<u>Budget</u>
Revenues:							
Water Utility Operations	\$ 48,652	\$ 4,558	9.4%	\$ 53,210	\$ 349	0.7%	\$ 52,861
Water Management Services	3,339	(481)	-14.4%	2,858	412	16.8%	2,446
Real Estate Operations	-	-	0.0%	-	-	0.0%	-
Other	13	-	0.0%	13	-	0.0%	13
Total Revenues	52,004	4,077	7.8%	56,081	761	1.4%	55,320
Operating Expenses:							
Water Utility Operations	39,246	(2,350)	-6.0%	41,596	(595)	-1.5%	41,001
Water Management Services	3,089	389	12.6%	2,700	(352)	-15.0%	2,348
Real Estate Operations	-	-	0.0%	-	-	0.0%	-
Other	(5)	35	-700.0%	(40)	(54)	-57.4%	(94)
Total Operating Expenses	42,330	(1,926)	-4.5%	44,256	(1,001)	-2.3%	43,255
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
Net Operating Expenses	42,330	(1,926)	-4.5%	44,256	(1,001)	-2.3%	43,255
Operating Income (Loss)	9,674	2,151	22.2%	11,825	(240)	-2.0%	12,065
% of Revenue	18.6%			21.1%			21.8%
Other Income (Expense)	339	(339)	100.0%	-	-	0.0%	-
Interest Income	-	-	0.0%	-	-	0.0%	-
Interest (Expense)	(13,901)	(214)	-1.5%	(14,115)	584	4.0%	(14,699)
Pre-tax Income (Loss)	(3,888)	1,598	41.1%	(2,290)	344	13.1%	(2,634)
% of Revenue	-7.5%			-4.1%			-4.8%
Provision for Income Taxes	(189)	(161)	-85.2%	(28)	(832)	-96.7%	(860)
Effective Tax Rate %	4.9%			1.2%			32.6%
Net Income (Loss)	(3,699)	1,437	38.8%	(2,262)	(488)	-27.5%	(1,774)
EBITDA	18,855	1,936	10.3%	20,791	(264)	-1.3%	21,055
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
Normalized EBITDA	18,855	1,936	10.3%	20,791	(264)	-1.3%	21,055
Less: Principal and Interest on External Debt	(11,463)	(3,320)	-29.0%	(14,783)	(2,093)	-16.5%	(12,690)
Less: Principal and Interest on Note Payments to City	(8,484)	-	0.0%	(8,484)	-	0.0%	(8,484)
Net Remainder	(1,092)	(1,384)	-126.7%	(2,476)	(2,357)	-1980.7%	(119)

Pennichuck Corporation
Capital Expenditures - Summary

12/31/2022
(\$000's)

<u>QTD</u>				<u>YTD</u>		
<u>Prior</u>	<u>Actual</u>	<u>Budget</u>		<u>Prior</u>	<u>Actual</u>	<u>Budget</u>
\$ 2,176	\$ 2,829	\$ 4,399	PWV	\$ 7,778	\$ 6,496	\$ 11,036
60	871	886	PEU	943	1,822	2,561
-	-	10	PAC	9	12	108
-	-	-	PWSC	-	-	-
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 2,236</u>	<u>\$ 3,700</u>	<u>\$ 5,295</u>	Subtotal	<u>\$ 8,730</u>	<u>\$ 8,330</u>	<u>\$ 13,705</u>
-	-	-	AFUDC	-	-	-
754	813	-	CIAC	2,132	1,398	-
<u>\$ 2,990</u>	<u>\$ 4,513</u>	<u>\$ 5,295</u>	Total	<u>\$ 10,862</u>	<u>\$ 9,728</u>	<u>\$ 13,705</u>

Pennichuck Corporation
Consolidated Balance Sheets

12/31/2022
(S000's)

<u>ASSETS</u>	<u>Dec-22</u>		
	<u>Dec-21</u>	<u>Actual</u>	<u>Budget</u>
Land	\$ 5,955	\$ 5,963	\$ 5,956
Buildings	74,318	73,535	74,975
Equipment & software	252,326	257,697	254,179
	332,599	337,195	335,110
Accumulated depreciation	(87,778)	(91,367)	(94,308)
	244,821	245,828	240,802
Work in process	376	1,234	13,666
Net Plant and Equipment	245,197	247,062	254,468
Current Assets:			
Cash	1,493	3,137	5,453
Restricted cash - 2014 Bond Project Fund	216	219	-
Restricted cash - 2019 Bond Project Fund	-	-	-
Restricted cash - 2020 Bond Project Fund	5	-	-
Restricted cash - 2020 C Bond Project Fund	18	-	-
Restricted cash - 2021 Bond Project Fund	15	-	-
Restricted cash - 2022 Bond Project Fund	-	-	-
Restricted cash - CIAC	1,037	134	-
Restricted cash -CBFRR RSF	964	1,486	11,637
Restricted cash -DSRR 1.0 RSF	1,158	2,877	-
Restricted cash - MOERR RSF	1,935	(371)	-
Restricted cash - MOERR	3,833	2,616	-
Restricted cash -DSRR 1.0	2,422	2,755	-
Restricted cash -DSRR .1	1,306	1,474	-
Accounts receivable-billed, net	3,577	5,048	5,501
Accounts receivable-unbilled, net	6,277	3,277	7,052
Accounts receivable-other	16	16	141
Inventory	762	991	700
Prepaid expenses	506	907	6
Prepaid property taxes	926	1,065	721
Prepaid income taxes	-	11	148
Total Current Assets	26,466	25,642	31,359
Other Assets:			
Acquisition Premium and other	77,599	72,184	79,412
Total Other Assets	77,599	72,184	79,417
Total Intercompany Accounts	-	-	-
TOTAL ASSETS	\$ 349,262	\$ 344,888	\$ 365,244

<u>EQUITY AND LIABILITIES</u>	Dec-21	Dec-22	
		Actual	Budget
Stockholders' Equity:			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,356
Accumulated other comprehensive income	356	524	338
Retained earnings	(34,381)	(36,921)	(34,158)
Treasury stock and other	-	-	-
Total Stockholders' Equity	(3,464)	(5,836)	(3,464)
Long Term Debt:			
Bonds, notes and mortgages	233,265	232,859	237,619
Total Long Term Debt	233,265	232,859	237,619
Current Liabilities:			
Line of credit	-	785	-
Fixed Asset Lines of Credit	6,608	5,461	13,392
Current portion of long term debt	6,607	7,998	7,164
Accounts payable	2,481	3,314	2,464
Deferred revenue watertight	67	69	-
Accrued interest payable	1,341	1,388	1,045
Other accrued expenses	1,085	686	1,495
Income taxes payable	(21)	(25)	(21)
Customer deposits & other	1,321	653	1,371
Total Current Liabilities	19,489	20,329	26,910
Other Liabilities and Deferred Credits:			
Deferred income taxes	14,851	14,977	15,508
Accrued liability pension	12,159	6,177	16,280
Unamortized ITC	371	338	347
Regulatory Liability	9,906	9,894	9,247
Accrued Post Retirement Benefits	4,748	3,401	5,183
Customer Advances	84	84	84
CIAC, net	57,303	57,306	57,162
Other liability: derivative instrument	290	10	319
Other long-term liabilities	260	5,349	49
Total Other Liabilities and Deferred Credits	99,972	97,536	104,179
TOTAL LIABILITIES AND EQUITY	\$ 349,262	\$ 344,888	\$ 365,244

Pennichuck Corporation
Consolidated Cash Flow Statements

	Prior Yr.	Change		12/31/22 (\$000's) YTD	Change		Budget
Operating Activities:							
Net Income (Loss)	\$ (3,699)	\$ 1,437	38.8%	\$ (2,262)	\$ (488)	-27.5%	\$ (1,774)
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>							-
Depreciation and amortization	8,843	124	1.4%	8,967	(277)	-3.0%	9,244
Amortization of original issue discount	-	-	0.0%	-	-	0.0%	-
Gain on sale of property, plant and equipment	(345)	345	100.0%	-	-	0.0%	-
Gain on forgiveness of long term debt	-	-	0.0%	-	-	0.0%	-
Amortization of deferred investment tax credits	(33)	-	0.0%	(33)	0	0.1%	(33)
Provision for deferred income taxes	(161)	163	101.2%	2	(498)	-99.6%	500
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
<u>Changes in assets and liabilities:</u>							-
(Increase) decrease in accounts receivable and unbilled revenue	(1,084)	2,612	-241.0%	1,528	2,791	220.9%	(1,263)
(Increase) decrease in income taxes payable	-	(11)	0.0%	(11)	(11)	0.0%	-
(Increase) decrease in materials and supplies	(135)	(123)	-91.1%	(258)	(377)	-317.0%	119
(Increase) decrease in prepaid expenses	365	(905)	-247.9%	(540)	(324)	-149.8%	(216)
(Increase) decrease in deferred charges and other assets	8,179	3,165	38.7%	11,344	12,127	1549.4%	(783)
Increase (decrease) in accounts payable and accrued expenses	(521)	1,287	247.0%	766	426	125.0%	340
Increase (decrease) in other	(2,206)	(6,061)	274.8%	(8,267)	(7,250)	-712.7%	(1,017)
Net cash provided by (used in) operating activities	9,203	2,033	-22.1%	11,236	6,119	119.6%	5,117
Investing activities:							
Purchases of property, plant and equipment, including debt component of AFUDC	(8,816)	169	1.9%	(8,647)	6,359	42.4%	(15,006)
Proceeds from sales of property, plant and equipment	429	(429)	-100.0%	-	-	0.0%	-
(Increase) decrease in restricted cash	-	-	0.0%	-	-	0.0%	-
Proceeds from sales of land	-	-	0.0%	-	-	0.0%	-
Net change in deferred land costs	-	-	0.0%	-	-	0.0%	-
Net cash provided by (used in) investing activities	(8,387)	(260)	-3.1%	(8,647)	6,359	42.4%	(15,006)
Financing activities:							
Advances (repayments) on line of credit	1,128	(1,490)	-132.1%	(362)	(7,571)	-105.0%	7,209
Payments on long term debt	(6,046)	(3,106)	-51.4%	(9,152)	(2,676)	-41.3%	(6,476)
Contributions in aid of construction	40	(30)	-75.0%	10	10	0.0%	-
Proceeds from long-term borrowings	9,614	(2,173)	-22.6%	7,441	(2,559)	-25.6%	10,000
Debt issuance costs	(302)	(21)	7.0%	(323)	(3,390)	-110.5%	3,067
Dividends paid	(279)	-	0.0%	(279)	(6)	-2.0%	(273)
Net cash provided by (used in) financing activities	4,155	(6,820)	164.1%	(2,665)	(16,192)	-119.7%	13,527
Increase (decrease) in cash	4,971	(5,047)	101.5%	(76)	(3,714)	-102.1%	3,638
Cash and cash equivalents at beginning of period	9,432	4,971	52.7%	14,403	(0)	0.0%	14,403
Cash and cash equivalents at end of period	\$ 14,403	(76)	-0.5%	\$ 14,327	(3,714)	-20.6%	\$ 18,041

Debt Covenants

PWW (2014-2015/2018-20 Indentures & TD Lines of Credit)		<u>12/31/2021</u>	<u>6/30/2022</u>	<u>9/30/2022</u>	<u>12/31/2022</u>
Rate Covenant	≥1.1	2.19	1.89	1.92	1.75
Debt/Capital	≤1.0	0.70	0.70	0.70	0.70
All Bonds Test #1	≤1.0	0.60	0.60	0.60	0.60
All Bonds Test #2	≥1.1	2.30	2.40	2.10	1.90
Net Worth	≥\$4.5MM	\$ 97.42	\$ 90.86	\$ 92.80	\$ 91.98
PEU (CoBank Note)					
Debt Service Coverage	≥1.1**	1.47	1.53	1.78	1.41
<u>Short-term Debt Threshold</u>					
PWW	10%	4.73%	1.74%	1.74%	4.15%
PEU	18%*	8.96%	15.82%	15.82%	13.34%
PAC	18%*	8.83%	14.13%	14.13%	12.04%

* On July 3, 2019, PUC granted temporary extension of 10% threshold increase to 18% until ruling on petition for permanent waiver of s/t debt limit. Previous extension expired 6/30/19, based upon PUC Order no. 25,820 dated 9/29/15; currently extended to 6/30/23.

** Covenant modified from PEU only to Consolidated test.