

MIDWEST HVAC SERVICES

Historical Financial Statements

DT-LBO-01 | Tier 1 Paper LBO

Reporting Period Fiscal Years 2022-2024	Units USD in millions, except percentages
Industry Commercial HVAC Services	Headquarters Indianapolis, Indiana

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Financial Package Overview

The following historical statements provide a simplified three-year financial profile for Midwest HVAC Services. The schedules are designed to support the DT-LBO-01 Tier 1 case and should be reviewed together with the virtual CIM and student workbook.

Statement	Purpose
Income Statement	Historical revenue, gross profit, EBITDA, EBIT, and profitability trends
Balance Sheet	Illustrative operating assets, liabilities, debt, and equity
Cash Flow Statement	Historical cash generation, capital spending, debt repayment, and distributions
EBITDA Reconciliation	Bridge from reported operating income to adjusted EBITDA
Selected Operating Metrics	Customer, employee, revenue mix, and working-capital indicators

Important: All figures are illustrative. Students should use the assumptions and formulas provided in the workbook and should not treat these statements as audited financial information.

Historical Income Statement

Fiscal years ended December 31 | USD in millions

Income Statement	2022	2023	2024
Revenue	\$43.5	\$46.8	\$50.0
Revenue Growth	-	7.6%	6.8%
Cost of Services	\$-28.7	\$-30.4	\$-32.0
Gross Profit	\$14.8	\$16.4	\$18.0
Gross Margin	34.0%	35.0%	36.0%
Operating Expenses	\$-6.5	\$-7.0	\$-8.0
Adjusted EBITDA	\$8.3	\$9.4	\$10.0
Adjusted EBITDA Margin	19.1%	20.1%	20.0%
Depreciation and Amortization	\$-0.9	\$-0.9	\$-1.0
Operating Income (EBIT)	\$7.4	\$8.5	\$9.0
Interest Expense	\$-0.6	\$-0.6	\$-0.5
Pre-Tax Income	\$6.8	\$7.9	\$8.5
Income Tax Expense	\$-1.7	\$-2.0	\$-2.1
Net Income	\$5.1	\$5.9	\$6.4

Management Commentary: Revenue increased from \$43.5 million in 2022 to \$50.0 million in 2024. Gross margin expanded from 34.0% to 36.0%, while adjusted EBITDA increased from \$8.3 million to \$10.0 million. The Tier 1 base case assumes a 20.0% EBITDA margin throughout the forecast period.

Historical Balance Sheet

As of December 31 | USD in millions

Balance Sheet	2022	2023	2024
Cash and Cash Equivalents	\$2.1	\$2.4	\$2.8
Accounts Receivable	\$6.0	\$6.6	\$7.1
Inventory	\$1.2	\$1.3	\$1.5
Prepaid and Other Current Assets	\$0.6	\$0.7	\$0.8
Total Current Assets	\$9.9	\$11.0	\$12.2
Property and Equipment, Gross	\$12.0	\$13.3	\$14.8
Accumulated Depreciation	\$-5.0	\$-5.9	\$-6.9
Property and Equipment, Net	\$7.0	\$7.4	\$7.9
Goodwill and Intangible Assets	\$1.5	\$1.5	\$1.5
Other Long-Term Assets	\$0.6	\$0.7	\$0.8
Total Assets	\$19.0	\$20.6	\$22.4
Accounts Payable	\$3.4	\$3.7	\$4.0
Accrued Expenses and Other Current Liabilities	\$2.2	\$2.4	\$2.6
Current Portion of Debt	\$1.0	\$1.0	\$1.0
Total Current Liabilities	\$6.6	\$7.1	\$7.6
Long-Term Debt	\$5.5	\$5.0	\$4.5
Deferred Tax and Other Liabilities	\$0.8	\$0.8	\$0.8
Total Liabilities	\$12.9	\$12.9	\$12.9
Shareholders' Equity	\$6.1	\$7.7	\$9.5
Total Liabilities and Equity	\$19.0	\$20.6	\$22.4

Balance Sheet Note: The historical balance sheet is simplified for educational use. The transaction model begins with the financing assumptions included in the student workbook rather than the historical debt balances shown above.

Historical Statement of Cash Flows

Fiscal years ended December 31 | USD in millions

Cash Flow Statement	2022	2023	2024
Net Income	\$5.1	\$5.9	\$6.4
Depreciation and Amortization	\$0.9	\$0.9	\$1.0
Change in Accounts Receivable	\$-0.4	\$-0.6	\$-0.5
Change in Inventory and Prepaids	\$-0.2	\$-0.2	\$-0.3
Change in Accounts Payable and Accruals	\$0.5	\$0.5	\$0.5
Other Operating Adjustments	\$1.0	\$1.2	\$1.1
Net Cash Provided by Operating Activities	\$6.9	\$7.7	\$8.2
Capital Expenditures	\$-1.3	\$-1.4	\$-1.5
Net Cash Used in Investing Activities	\$-1.3	\$-1.4	\$-1.5
Debt Repayment	\$-1.0	\$-0.5	\$-0.5
Owner Distributions	\$-4.4	\$-5.5	\$-5.8
Net Cash Used in Financing Activities	\$-5.4	\$-6.0	\$-6.3
Net Change in Cash	\$0.2	\$0.3	\$0.4
Beginning Cash Balance	\$1.9	\$2.1	\$2.4
Ending Cash Balance	\$2.1	\$2.4	\$2.8

Cash Flow Note: Historical owner distributions reflect the company's founder-owned capital structure before the sponsor transaction. Student debt paydown calculations should be based on the acquisition financing and operating assumptions in the workbook.

Adjusted EBITDA Reconciliation

Fiscal years ended December 31 | USD in millions

EBITDA Reconciliation	2022	2023	2024
Operating Income (EBIT)	\$7.4	\$8.5	\$9.0
Depreciation and Amortization	\$0.9	\$0.9	\$1.0
Adjusted EBITDA	\$8.3	\$9.4	\$10.0
Adjusted EBITDA Margin	19.1%	20.1%	20.0%

Selected Operating Metrics

Operating Metric	2022	2023	2024
Active Customers	1,620	1,710	1,800
Employees	205	218	230
Revenue per Employee	\$212K	\$215K	\$217K
Maintenance and Service Revenue	38%	39%	40%
Replacement and Retrofit Revenue	31%	30%	30%
New Installation Revenue	21%	21%	20%
Controls and Other Services	10%	10%	10%
Top 10 Customer Concentration	26%	25%	24%
Largest Customer Concentration	<5%	<5%	<5%
Capital Expenditures / Revenue	3.0%	3.0%	3.0%

Financial Review Considerations

Students should evaluate revenue growth, margin sustainability, customer concentration, capital intensity, working-capital requirements, and the company's ability to convert EBITDA into cash flow available for debt repayment. Historical results do not guarantee future performance.

Next Step: Return to the virtual CIM, review the transaction assumptions, and use the DT-LBO-01 Student Workbook to construct the five-year operating forecast, debt schedule, returns analysis, and sensitivity tables.