THE POTOMAC EDISON COMPANY AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
REVENUES:		
Electric sales	$ 347	$ 277
Excise and gross receipts tax collections	6	5
Total revenues	353	282
OPERATING EXPENSES:		
Purchased power from non-affiliates	107	84
Purchased power from affiliates	70	59
Other operating expenses	59	52
Provision for depreciation	19	18
Amortization of regulatory assets, net	29	20
General taxes	16	14
Total operating expenses	300	247
OPERATING INCOME	53	35
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	3	—
Interest expense	(10)	(11)
Capitalized financing costs	2	2
Total other expense	(5)	(9)
INCOME BEFORE INCOME TAXES	48	26
INCOME TAXES	10	5
NET INCOME	$ 38	$ 21

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
UNAUDITED

(In millions)	March 31, 2025	December 31, 2024
ASSETS		
CURRENT ASSETS:		
Restricted cash	$ 7	$ 7
Receivables -		
Customers	163	148
Less — Allowance for uncollectible customer receivables	2	2
	161	146
Affiliated companies	74	75
Other	12	10
Prepaid taxes and other	25	27
	279	265
PROPERTY, PLANT AND EQUIPMENT:		
In service	2,635	2,598
Less — Accumulated provision for depreciation	465	455
	2,170	2,143
Construction work in progress	194	176
	2,364	2,319
DEFERRED CHARGES AND OTHER ASSETS:		
Prepaid purchased power	40	41
Regulatory assets	214	242
Prepaid pension and OPEB costs	61	59
Other	45	42
	360	384
TOTAL ASSETS	$ 3,003	$ 2,968
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Currently payable long-term debt	$ 8	$ 8
Short-term borrowings - affiliated companies	32	91
Accounts payable -		
Affiliated companies	44	99
Other	24	18
Accrued taxes	28	19
Accrued interest	9	9
Customer deposits	20	20
NUG contract buyout	55	55
Other	22	17
	242	336
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	856	860
Accumulated deferred income taxes, net	340	334
Regulatory liabilities	181	176
Retirement benefits	3	3
NUG contract buyout	211	224
Other	148	151
	1,739	1,748
TOTAL LIABILITIES	1,981	2,084
EQUITY:		
Common stockholder's equity-		
Common stock and other paid-in capital, $0.01 par value, 26,000,000 shares authorized - 22,385,000 shares outstanding	467	367
Retained earnings	555	517
TOTAL EQUITY	1,022	884
TOTAL LIABILITIES AND EQUITY	$ 3,003	$ 2,968

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

(In millions)	For the Three Months Ended March 31, 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 38	$ 21
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	48	41
Transmission revenue collections, net	1	—
Deferred income taxes, net	5	7
Employee benefit costs, net	(2)	(2)
Changes in current assets and liabilities-		
Receivables	(16)	(6)
Prepaid taxes and other current assets	2	(5)
Accounts payable	(51)	(9)
Accrued taxes	9	(5)
Other current liabilities	1	(9)
Purchased power agreement termination liability	(14)	(14)
Other	2	5
Net cash provided from operating activities	23	24
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(57)	(53)
Asset removal costs	(3)	(4)
Net cash used for investing activities	(60)	(57)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing -		
Short-term borrowings - affiliated companies, net	—	35
Redemptions and repayments-		
Long-term debt	(4)	(4)
Short-term borrowings - affiliated companies, net	(59)	—
Equity contribution from parent	100	—
Net cash provided from financing activities	37	31
Net change in cash, cash equivalents, and restricted cash	—	(2)
Cash, cash equivalents, and restricted cash at beginning of period	7	7
Cash, cash equivalents, and restricted cash at end of period	$ 7	$ 5
SUPPLEMENTAL CASH FLOW INFORMATION:		
Significant non-cash transactions:		
Accrued capital investments	$ 13	$ 7