THE POTOMAC EDISON COMPANY AND SUBSIDIARIES

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Unaudited

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	2026	2025	2026	2025
REVENUES:				
Electric sales	$ 273	$ 255	$ 654	$ 602
Excise and gross receipts tax collections	5	4	11	10
Total revenues	278	259	665	612
OPERATING EXPENSES:				
Purchased power from non-affiliates	88	75	220	182
Purchased power from affiliates	57	53	175	123
Other operating expenses	72	52	139	111
Provision for depreciation	20	19	40	38
Amortization of regulatory assets, net	6	16	—	45
General taxes	14	12	30	28
Total operating expenses	257	227	604	527
OPERATING INCOME	21	32	61	85
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	3	3	9	6
Interest expense	(13)	(12)	(25)	(22)
Capitalized financing costs	4	3	8	5
Total other expense	(6)	(6)	(8)	(11)
INCOME BEFORE INCOME TAXES	15	26	53	74
INCOME TAXES	3	6	12	16
NET INCOME	$ 12	$ 20	$ 41	$ 58

THE POTOMAC EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
Unaudited

(In millions, except share amounts)	June 30, 2026	December 31, 2025
ASSETS		
CURRENT ASSETS:		
Restricted cash	$ 13	$ 6
Receivables -		
Customers	144	166
Less — Allowance for uncollectible customer receivables	3	2
	141	164
Affiliated companies	111	106
Other	8	11
Notes receivable from affiliated companies	150	16
Prepaid taxes and other	19	24
	442	327
PROPERTY, PLANT AND EQUIPMENT:		
In service	2,997	2,838
Less — Accumulated provision for depreciation	516	493
	2,481	2,345
Construction work in progress	281	255
	2,762	2,600
DEFERRED CHARGES AND OTHER ASSETS:		
Prepaid purchased power	37	39
Regulatory assets	152	183
Prepaid pension and OPEB costs	85	81
Other	38	43
	312	346
TOTAL ASSETS	$ 3,516	$ 3,273
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Currently payable long-term debt	$ 9	$ 9
Accounts payable -		
Affiliated companies	73	74
Other	21	24
Accrued taxes	25	19
Accrued interest	12	12
Customer deposits	22	21
Purchased power agreement termination liability	55	55
Other	31	28
	248	242
NONCURRENT LIABILITIES:		
Long-term debt and other long-term obligations	1,196	1,050
Accumulated deferred income taxes, net	385	372
Regulatory liabilities	163	195
Retirement benefits	3	3
Purchased power agreement termination liability	142	169
Other	159	138
	2,048	1,927
TOTAL LIABILITIES	2,296	2,169
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	544	469
Retained earnings	676	635
TOTAL COMMON STOCKHOLDER'S EQUITY	1,220	1,104
TOTAL LIABILITIES AND COMMON STOCKHOLDER'S EQUITY	$ 3,516	$ 3,273

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

(In millions)	For the Six Months Ended June 30, 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 41	$ 58
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	79	82
Winter Storm Fern deferred purchase power costs, net	(40)	—
Transmission revenue collections, net	(7)	1
Deferred income taxes, net	9	5
Employee benefit costs, net	(3)	(3)
Changes in current assets and liabilities-		
Receivables	21	3
Prepaid taxes and other current assets	5	7
Accounts payable	(6)	(55)
Accrued taxes	6	6
Other current liabilities	(3)	2
Collateral, net	5	1
Purchased power agreement termination liability	(27)	(27)
Other	34	6
Net cash provided from operating activities	114	86
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital investments	(181)	(144)
Loans to affiliated companies, net	(134)	(135)
Asset removal costs	(10)	(9)
Other	(3)	—
Net cash used for investing activities	(328)	(288)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing -		
Long-term debt	150	200
Redemptions and repayments-		
Long-term debt	(4)	(4)
Short-term borrowings - affiliated companies, net	—	(91)
Equity contribution from parent	75	100
Other	—	(1)
Net cash provided from financing activities	221	204
Net change in cash, cash equivalents, and restricted cash	7	2
Cash, cash equivalents, and restricted cash at beginning of period	6	7
Cash, cash equivalents, and restricted cash at end of period	$ 13	$ 9
SUPPLEMENTAL CASH FLOW INFORMATION:		
Significant non-cash transactions:		
Accrued capital investments	$ 16	$ 17