

METROPOLITAN EDISON COMPANY
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

METROPOLITAN EDISON COMPANY
STATEMENTS OF INCOME
(UNAUDITED)

| <i>(In millions)</i> | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|------------------------------------|---|--------------|--|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| REVENUES: | | | | |
| Electric sales | \$ 273 | \$ 228 | \$ 728 | \$ 608 |
| Gross receipts tax collections | 16 | 14 | 44 | 37 |
| Total revenues | 289 | 242 | 772 | 645 |
| OPERATING EXPENSES: | | | | |
| Purchased power | 163 | 97 | 376 | 243 |
| Other operating expenses | 55 | 50 | 159 | 127 |
| Provision for depreciation | 22 | 21 | 65 | 62 |
| Deferral of regulatory assets, net | (30) | (11) | (53) | (21) |
| General taxes | 19 | 16 | 52 | 44 |
| Total operating expenses | 229 | 173 | 599 | 455 |
| OPERATING INCOME | 60 | 69 | 173 | 190 |
| OTHER INCOME (EXPENSE): | | | | |
| Miscellaneous income, net | 8 | 8 | 24 | 26 |
| Equity earnings from MAIT | 5 | 5 | 17 | 18 |
| Interest expense | (13) | (13) | (37) | (38) |
| Capitalized financing costs | 1 | — | 2 | 1 |
| Total other income | 1 | — | 6 | 7 |
| INCOME BEFORE INCOME TAXES | 61 | 69 | 179 | 197 |
| INCOME TAXES | 7 | 14 | 33 | 39 |
| NET INCOME | <u>\$ 54</u> | <u>\$ 55</u> | <u>\$ 146</u> | <u>\$ 158</u> |

STATEMENTS OF COMPREHENSIVE INCOME

| | | | | |
|---|--------------|--------------|---------------|---------------|
| NET INCOME | <u>\$ 54</u> | <u>\$ 55</u> | <u>\$ 146</u> | <u>\$ 158</u> |
| OTHER COMPREHENSIVE LOSS: | | | | |
| Pension and OPEB prior service costs | — | — | (1) | (1) |
| Other comprehensive loss | — | — | (1) | (1) |
| Income tax benefits on other comprehensive loss | — | — | — | — |
| Other comprehensive loss, net of tax | — | — | (1) | (1) |
| COMPREHENSIVE INCOME | <u>\$ 54</u> | <u>\$ 55</u> | <u>\$ 145</u> | <u>\$ 157</u> |

METROPOLITAN EDISON COMPANY
BALANCE SHEETS
(UNAUDITED)

| <i>(In millions, except share amounts)</i> | September 30, 2022 | December 31, 2021 |
|---|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Receivables- | | |
| Customers | \$ 162 | \$ 150 |
| Less — Allowance for uncollectible customer receivables | 19 | 21 |
| | 143 | 129 |
| Affiliated companies | 41 | 28 |
| Other, net of allowance for uncollectible accounts of \$1 in 2022 | 22 | 20 |
| Prepaid taxes and other | 11 | 12 |
| | 217 | 189 |
| UTILITY PLANT: | | |
| In service | 3,166 | 3,102 |
| Less — Accumulated provision for depreciation | 1,004 | 976 |
| | 2,162 | 2,126 |
| Construction work in progress | 78 | 68 |
| | 2,240 | 2,194 |
| INVESTMENTS AND OTHER NONCURRENT ASSETS | | |
| Goodwill | 324 | 324 |
| Investment in affiliate | 322 | 304 |
| Other | 41 | 39 |
| | 687 | 667 |
| | <u>\$ 3,144</u> | <u>\$ 3,050</u> |
| LIABILITIES AND CAPITALIZATION | | |
| CURRENT LIABILITIES: | | |
| Currently payable long-term debt | \$ 301 | \$ 2 |
| Short-term borrowings - affiliated companies | 95 | 24 |
| Accounts payable- | | |
| Affiliated companies | 1 | 2 |
| Other | 71 | 58 |
| Accrued taxes | 3 | 14 |
| Accrued interest | 10 | 15 |
| Customer deposits | 33 | 31 |
| Other | 43 | 25 |
| | 557 | 171 |
| CAPITALIZATION: | | |
| Common stockholder's equity- | | |
| Common stock, without par value, authorized 900,000 shares - 740,905 shares outstanding | 848 | 841 |
| Accumulated other comprehensive loss | (2) | (1) |
| Retained earnings | 296 | 250 |
| Total common stockholder's equity | 1,142 | 1,090 |
| Long-term debt and other long-term obligations | 746 | 1,046 |
| | 1,888 | 2,136 |
| NONCURRENT LIABILITIES: | | |
| Accumulated deferred income taxes | 398 | 437 |
| Nuclear fuel disposal costs | 48 | 47 |
| Retirement benefits | 12 | 25 |
| Regulatory liabilities | 30 | 29 |
| Other | 211 | 205 |
| | 699 | 743 |
| | <u>\$ 3,144</u> | <u>\$ 3,050</u> |

METROPOLITAN EDISON COMPANY
STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | For the Nine Months Ended September 30, | |
|--|--|--------|
| (In millions) | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 146 | \$ 158 |
| Adjustments to reconcile net income to net cash from operating activities- | | |
| Depreciation, amortization and impairments | 13 | 42 |
| Deferred income taxes and investment tax credits, net | 19 | 17 |
| Retirement benefits, net of payments | (24) | (25) |
| Undistributed earnings from subsidiary company | (17) | (4) |
| Changes in current assets and liabilities- | | |
| Receivables | (24) | 11 |
| Prepaid taxes and other current assets | 1 | (8) |
| Accounts payable | 12 | (1) |
| Accrued taxes | (11) | (1) |
| Accrued interest | (5) | (5) |
| Customer deposits | 2 | 1 |
| Other current liabilities | (2) | — |
| Collateral, net | 17 | 9 |
| Other | 13 | 10 |
| Net cash provided from operating activities | 140 | 204 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| New financing- | | |
| Short-term borrowings - affiliated companies, net | 71 | 2 |
| Redemptions and repayments- | | |
| Short-term borrowings - Other, net | — | (100) |
| Common stock dividend payments | (100) | (85) |
| Other | (1) | (2) |
| Net cash used for financing activities | (30) | (185) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Property additions | (100) | (104) |
| Loans to affiliated companies, net | — | 96 |
| Asset removal costs | (10) | (11) |
| Net cash used for investing activities | (110) | (19) |
| Net change in cash, cash equivalents, and restricted cash | — | — |
| Cash, cash equivalents, and restricted cash at beginning of period | — | — |
| Cash, cash equivalents, and restricted cash at end of period | \$ — | \$ — |