

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **October 6, 2025**

Talen Energy Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

001-37388

(Commission File Number)

47-1197305

(IRS Employer
Identification No.)

2929 Allen Pkwy, Suite 2200
Houston, TX 77019

(Address of principal executive offices) (Zip Code)

(888) 211-6011

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.001 per share	TLN	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

Acquisitions

As previously announced, on July 17, 2025, Talen Energy Corporation (the “Company”), through its wholly owned subsidiary, Talen Generation, LLC (“Talen Generation”), entered into two purchase and sale agreements (collectively, the “Purchase Agreements”) with affiliates of Caithness Energy, L.L.C. pursuant to which Talen Generation agreed to purchase (i) the Freedom Energy Center, a 1,045 MW (summer rating) natural gas fired combined cycle generation plant located in Luzerne County, Pennsylvania, for \$1.46 billion in cash (the “Freedom Acquisition”); and (ii) the Guernsey Power Station, a 1,836 MW (summer rating) natural gas fired combined cycle generation plant located in Guernsey County, Ohio, for \$2.33 billion in cash (the “Guernsey Acquisition” and, together with the Freedom Acquisition, the “Acquisitions”), in each case as adjusted in accordance with the applicable Purchase Agreement.

Nuclear Production Tax Credit Sale

On September 29, 2025, the Company, through its direct wholly owned subsidiary, Talen Energy Supply, LLC (“TES”), sold certain zero-emission nuclear power production tax credits generated in 2024 from its Susquehanna plant to an unaffiliated third party for approximately \$191.2 million in cash. Citi acted as placement agent.

New Term Loan B Facility

In connection with the Acquisitions, on October 6, 2025, the Company issued a press release announcing that TES has launched a \$1.2 billion senior secured term loan B credit facility (the “New Term Loan B Facility”). A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information provided under this Item 7.01 and in Exhibit 99.1 hereto is being furnished and shall not be deemed “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. Such information shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements

In connection with the New Term Loan B Facility, the Company is providing the following historical financial statements:

1. Audited financial statements of Moxie Freedom LLC as of and for the year ended December 31, 2024 and the related notes, which are included as Exhibit 99.2 hereto and incorporated herein by reference;
2. Unaudited condensed financial statements of Moxie Freedom LLC as of June 30, 2025 and December 31, 2024 and for the three and six months ended June 30, 2025 and the related notes, which are included as Exhibit 99.3 hereto and incorporated herein by reference;
3. Audited consolidated financial statements of Guernsey Power Holdings, LLC and subsidiary as of and for the year ended December 31, 2024 and the related notes, which are included as Exhibit 99.4 hereto and incorporated herein by reference; and
4. Unaudited condensed consolidated financial statements of Guernsey Power Holdings, LLC and subsidiary as of June 30, 2025 and December 31, 2024 and for the three and six months ended June 30, 2025 and the related notes, which are included as Exhibit 99.5 hereto and incorporated herein by reference.

(b) Pro Forma Financial Information

In connection with the New Term Loan B Facility, the Company is providing the unaudited pro forma condensed combined financial information of the Company, after giving effect to the Acquisitions, the New Term Loan B Facility and new unsecured debt, which includes the unaudited pro forma condensed combined balance sheet as of June 30, 2025 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2024 and six months ended June 30, 2025. Such unaudited pro forma condensed combined financial information and the related notes thereto is set forth in Exhibit 99.6 hereto and incorporated herein by reference.

(d) Exhibits:

Exhibit No.	Description.
23.1	<u>Consent of KPMG LLP, independent auditors of Moxie Freedom LLC.</u>
23.2	<u>Consent of KPMG LLP, independent auditors of Guernsey Power Holdings, LLC.</u>
99.1	<u>Press Release dated October 6, 2025.</u>
99.2	<u>Audited financial statements of Moxie Freedom LLC as of and for the year ended December 31, 2024 and the related notes thereto.</u>
99.3	<u>Unaudited condensed financial statements of Moxie Freedom LLC as of June 30, 2025 and December 31, 2024 and for the three and six months ended June 30, 2025 and the related notes thereto.</u>
99.4	<u>Audited consolidated financial statements of Guernsey Power Holdings, LLC and subsidiary as of and for the year ended December 31, 2024 and the related notes thereto.</u>
99.5	<u>Unaudited condensed consolidated financial statements of Guernsey Power Holdings, LLC and subsidiary as of June 30, 2025 and December 31, 2024 and for the three and six months ended June 30, 2025 and the related notes thereto.</u>
99.6	<u>Unaudited pro forma condensed combined financial information of Talen Energy Corporation, giving effect to the Acquisitions, the New Term Loan B Facility and new unsecured debt, which includes the unaudited pro forma condensed combined balance sheet as of June 30, 2025 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2024 and six months ended June 30, 2025 and the related notes thereto.</u>
104	Cover Page Interactive Data File (cover page XBRL tags embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 6, 2025

TALEN ENERGY CORPORATION
By: */s/ Terry L. Nutt*

Name: Terry L. Nutt
Title: Chief Financial Officer

[KPMG LOGO]

KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements No. 333-289356 on Form S-3ASR and No. 333-283230 and No. 333-283227 on Form S-8 of Talen Energy Corporation of our report dated September 12, 2025, with respect to the financial statements of Moxie Freedom LLC, which report appears in the Form 8-K of Talen Energy Corporation dated October 6, 2025.

/s/ KPMG LLP
Philadelphia, Pennsylvania
October 6, 2025

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We consent to the incorporation by reference in the registration statements No. 333-289356 on Form S-3ASR and No. 333-283230 and No. 333-283227 on Form S-8 of Talen Energy Corporation of our report dated September 12, 2025, with respect to the consolidated financial statements of Guernsey Power Holdings, LLC and subsidiary, which report appears in the Form 8-K of Talen Energy Corporation dated October 6, 2025.

/s/ KPMG LLP
Philadelphia, Pennsylvania
October 6, 2025

Talen Energy Announces Launch of \$1.2 Billion Term Loan B Financing, \$200 Million Upsize of Revolving Credit Facility and \$200 Million Upsize of Stand-Alone Letter of Credit Facility

HOUSTON, October 6, 2025 -- Talen Energy Corporation (“TEC,” “we” or “our”) ([NASDAQ: TLN](#)) announced today that Talen Energy Supply, LLC (“TES” or the “Company”), a direct wholly owned subsidiary of TEC, has (a) launched a \$1.2 billion incremental Term Loan B financing (the “Term Financing”), (b) received commitments to upsize its existing \$700 million revolving credit facility by \$200 million to \$900 million, (c) received commitments to upsize its existing \$900 million stand-alone letter of credit facility (the “Stand-Alone L/C Facility”) by \$200 million to \$1.1 billion and (d) agreed to extend the maturity of the Stand-Alone L/C Facility from December 2026 to December 2027.

The Company intends to use the net proceeds of the Term Financing, together with net proceeds from new unsecured indebtedness, to fund the previously announced acquisitions (each an “Acquisition” and collectively, the “Acquisitions”) of (i) the Freedom Energy Center, a 1,045 MW natural gas fired combined cycle generation plant located in Luzerne County, Pennsylvania (the “Freedom Acquisition”) and (ii) the Guernsey Power Station, a 1,836 MW natural gas fired combined cycle generation plant located in Guernsey County, Ohio (the “Guernsey Acquisition”). Each Acquisition is being made pursuant to a purchase and sale agreement (each a “Purchase Agreement” and collectively, the “Purchase Agreements”) each dated July 17, 2025, among Talen Generation, LLC, an indirect wholly owned subsidiary of TEC, and affiliates of Caithness Energy, L.L.C.

To the extent the Acquisitions do not close concurrently, the Term Financing will include both upfront and delayed draw commitments, providing the Company with flexibility to meet its funding and timing needs for the Acquisitions. In the event that (i) only one of the Acquisitions has been completed on or prior to 11:59 p.m. (Eastern Time) on July 17, 2026 (or, to the extent such date is automatically extended pursuant to the terms of the applicable Purchase Agreement, to January 17, 2027) (such date, as extended if applicable, the “Outside Date”) or (ii) one of the Acquisitions has been completed without the use of the delayed draw component of the Term Financing, such delayed draw component will automatically terminate. The consummation of the Acquisitions are not conditioned on each other and there is no guarantee that the Term Financing or any element thereof will occur.

About Talen

Talen Energy ([NASDAQ: TLN](#)) is a leading independent power producer and energy infrastructure company dedicated to powering the future. We own and operate approximately 10.3 gigawatts of power infrastructure in the United States, including 2.2 gigawatts of nuclear power and a significant dispatchable fossil fleet. We produce and sell electricity, capacity, and ancillary services into wholesale U.S. power markets, with our generation fleet principally located in the Mid-Atlantic and Montana. Our team is committed to generating power safely and reliably delivering the most value per megawatt produced. Talen is also powering the digital infrastructure revolution. We are well-positioned to serve this growing industry, as artificial intelligence data centers increasingly demand more reliable, clean power. Talen is headquartered in Houston, Texas.

Investor Relations:

Sergio Castro

Vice President & Treasurer

InvestorRelations@talenenergy.com

Media:

Taryne Williams

Director, Corporate Communications

Taryne.Williams@talenenergy.com

Forward-Looking Statements

This communication contains forward-looking statements within the meaning of the federal securities laws, which statements are subject to substantial risks and uncertainties. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this communication, or incorporated by reference into this communication, are forward-looking statements. Throughout this communication, we have attempted to identify forward-looking statements by using words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecasts,” “goal,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” or other forms of these words or similar words or expressions or the negative thereof, although not all forward-looking statements contain these terms. Forward-looking statements address future events and conditions concerning, among other things, the proposed Acquisitions, the expected closing of the proposed transactions and the timing thereof, the financing of the proposed transactions, capital expenditures, earnings, litigation, regulatory matters, hedging, liquidity and capital resources, accounting matters, expectations, beliefs, plans, objectives, goals, strategies, future events or performance, shareholder returns and underlying assumptions. Forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, results of operations or performance to differ materially from our historical results or those expressed or implied in any forward-looking statement contained in this communication. All of our forward-looking statements include assumptions underlying or relating to such statements that may cause actual results to differ materially from expectations and are subject to numerous factors that present considerable risks and uncertainties.

Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

MOXIE FREEDOM LLC

Financial Statements

December 31, 2024

(With Independent Auditors' Report Thereon)

[KPMG LOGO]

KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Member
Moxie Freedom, LLC:

Opinion

We have audited the financial statements of Moxie Freedom, LLC (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, member's capital, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material

if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ KPMG LLP

Philadelphia, Pennsylvania
September 12, 2025

MOXIE FREEDOM LLC

Balance Sheet

December 31, 2024

(Dollars in thousands)

Assets	2024
Current assets:	
Cash and cash equivalents	\$ 761
Restricted cash	1,088
Accounts receivable	10,271
Current portion of derivative assets (note 4 and 6)	1,582
Materials and supplies	3,872
Prepaid expenses and other current assets	4,925
Total current assets	<u>22,499</u>
Long-term assets:	
Property, plant, and equipment, net (note 3)	626,777
Land	8,479
Derivative assets (note 4 and 6)	2,402
Other assets (note 8)	25,144
Total assets	<u><u>\$ 685,301</u></u>
Liabilities and Member's Capital	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 7,354
Current portion of project debt (notes 2 and 5)	4,400
Current portion of derivative liability (note 4 and 6)	2,991
Total current liabilities	<u>14,745</u>
Derivative liabilities (note 4 and 6)	7,181
Project debt, net of deferred financing costs (notes 2 and 5)	373,781
Total liabilities	<u>395,707</u>
Commitments and contingencies (note 8)	
Member's capital	<u>289,594</u>
Total member's capital	<u>289,594</u>
Total liabilities and member's capital	<u><u>\$ 685,301</u></u>

See accompanying notes to financial statements.

MOXIE FREEDOM LLC
Statement of Operations
Years ended December 31, 2024
(Dollars in thousands)

	<u>2024</u>
Revenue	\$ 224,894
Operating expenses:	
Fuel expenses	130,810
Operating expenses	26,277
General and administrative expenses	3,040
Depreciation expense	<u>26,469</u>
Total operating expenses	<u>186,596</u>
Operating income	<u>38,298</u>
Other (income) expense:	
Interest expense	32,380
Deferred financing cost amortization expense	<u>3,925</u>
Total other (income) expense	<u>36,305</u>
Net income	<u>\$ 1,993</u>

See accompanying notes to financial statements.

MOXIE FREEDOM LLC
Statement of Member's Capital
Years ended December 31, 2024
(Dollars in thousands)

	Member's capital	Accumulated other comprehensive income (loss)	Total member's capital
Member's capital at December 31, 2023	\$ 310,961	—	310,961
Net income	1,993	—	1,993
Equity distributions	(23,360)	—	(23,360)
Member's capital at December 31, 2024	<u>\$ 289,594</u>	<u>—</u>	<u>289,594</u>

See accompanying notes to financial statements.

MOXIE FREEDOM LLC
Statement of Cash Flows
Years ended December 31, 2024
(Dollars in thousands)

	2024
Cash flows from operating activities:	
Net income	\$ 1,993
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	26,469
Deferred financing cost amortization expense	3,925
Changes in operating assets and liabilities:	
Accounts receivable	557
Accounts payable and accrued liabilities	(4,549)
Derivative liabilities	12,441
Prepaid expenses and other asset	(1,040)
Net cash provided by operating activities	39,796
Cash flows from investing activity:	
Capital expenditures	(554)
Net cash used in investing activity	(554)
Cash flows from financing activities:	
Repayments of term loan	(24,385)
Distribution to members	(23,360)
Net cash used in financing activities	(47,745)
Net change in cash, restricted cash, and cash equivalents	(8,503)
Cash, restricted cash, and cash equivalents at beginning of year	10,352
Cash, restricted cash, and cash equivalents at end of year	\$ 1,849
Supplemental cash flow disclosure:	
Cash paid for interest	\$ 32,951

See accompanying notes to financial statements.

(1) Organization and Operation of the Company

(a) Description of Business

Moxie Freedom LLC (the Company) was formed on March 4, 2014, as a Delaware limited liability company to develop, finance, construct, own, and operate a gas-fired combined cycle power generation facility with a capacity of approximately 1,105 MW that is located in Salem Township, Luzerne County, Pennsylvania (the Project or the Facility). The Company's members were Moxie Energy, LLC and various related individuals until November 9, 2015 when 100% of all outstanding interest was transferred to Moxie Freedom Holdings LLC, an affiliate. The Company is governed by a limited liability company agreement.

The Company started construction of the Project during 2015 and was placed in commercial operation on September 1, 2018, its commercial operation date (COD).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and reflects all adjustments, which the Company believes are necessary to fairly present the financial position, results of operations, and cash flows of the Company for the year ended December 31, 2024.

(b) Reclassifications and Immaterial Error Corrections

The Company identified immaterial errors in the presentation of unrealized gains and losses in previously issued financial statements that have been corrected.

(c) Accounts Receivable and Revenue Recognition

Accounts receivable consist of receivables from PJM Interconnection, LLC (PJM) for capacity, energy, and ancillary services payments. The Company earns merchant revenue for incremental capacity, energy, and ancillary services provided to PJM. Merchant capacity, energy, and ancillary services revenue is recorded as electricity sales at the end of each operating period based upon energy delivered and services provided during the period.

In the normal course of business, the Company has future performance obligations for capacity sales awarded through market-based capacity auctions and (or) for capacity sales under bilateral contractual arrangements.

The PJM Base Residual Auction (BRA) for the 2025/2026 PJM Capacity Year was held in July 2024. The Company cleared a total of 767.70 MW at a clearing price of 269.92 per MW-day for the PJM MAAC locational delivery areas.

As of December 31, 2024, the expected future period capacity revenues subject to unsatisfied or partially unsatisfied performance obligations were:

	2025	2026
Expected capacity revenues	\$ 50,002	30,019

The PJM BRA for delivery year 2026/2027 was held in July 2025. The Company cleared a total of 711.50 MW at a clearing price of 329.17 per MW-day.

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

The Company's revenue includes sales from commodity contracts that are accounted for under ASC 815, Derivatives and Hedging (ASC 815). Revenue from commodity contracts primarily relates to forward sales of commodities merchant energy prices, which are accounted for as derivatives at fair value under ASC 815. These forward sales meet the definition of a derivative under ASC 815 as they have an underlying (e.g. the price of gas), a notional amount (e.g. tons), no initial net investment and can be net settled since the commodity is readily convertible to cash. Revenue from commodity contracts is recognized in electricity sales for the contracted amount when the contracts are settled at a point in time by transferring control of the commodity to the customer, similarly to revenue recognized from contracts with customers under ASC 606. From inception through settlement, these forward sales arrangements are recorded at fair value under ASC 815 with unrealized gains and losses recognized in the respective statement of operations caption (Revenue or Interest Expense) and carried on the balance sheet as assets or liabilities (see Note 6: Derivative Instruments and Hedging Activities), respectively. Further information about the fair value of these contracts is presented in the Note 4: Fair Value Measurements.

The following table represents merchant capacity, energy, ancillary services sales, realized and unrealized gain (loss) on commodity contracts at December 31, 2024.

	2024
Contracts earned under 606:	
Capacity	\$ 16,968
Energy	194,571
Ancillary sales	3,050
Contracts earned under 815:	
Realized gain (loss) on derivative instruments	24,327
Unrealized gain (loss) on derivative instruments	(14,022)
	\$ 224,894

(d) Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount of these instruments approximates fair value because of their short-term maturity.

(e) Restricted Cash

Restricted cash represents amounts that are required to be maintained in separate accounts in connection with the Project Debt (note 5) for future debt service, major maintenance requirements, and general corporate purposes.

All funds are held in highly rated money market accounts, and the carrying value approximates fair value as of December 31, 2024.

(f) Property, Plant, and Equipment, Net

The Company's property, plant, and equipment are stated at cost net of accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of the related assets.

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

The following table provides the depreciable lives used for each asset class:

Balance of plant	30 Years
Buildings and other assets	5–25 Years

(g) Materials and Supplies

Materials and supplies in the amount of \$3,872 as of December 31, 2024, are stated at the lower of the average cost or net realizable value.

(h) Income Taxes

The Company is a disregarded entity for tax purposes. Accordingly, any effect of income taxes is recognized at their indirect parent.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and member's capital and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and allocation of profits and losses during the reporting period. Actual results could differ from those estimates. The Company is unaware of any change of conditions or situations that would cause any material change in estimates used to prepare the financial statements.

(j) Asset Retirement Obligations

The Company has no legal, constructive, or regulatory obligations related to the closure of the Facility, and accordingly, no asset retirement obligation is recorded in the financial statements.

(k) Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds fair value of the asset. Assets to be disposed of would be separately presented in the balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the balance sheets.

(l) Deferred Financing Costs

Deferred financing costs represent costs to obtain long-term financing and are amortized using the effective-interest method over the term of the related debt. Deferred financing costs have

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

been netted against long-term project debt (note 5) and at December 31, 2024 consist of the following:

	<u>2024</u>
Gross carrying amount	\$ 16,035
Accumulated amortization	<u>(7,032)</u>
Balance at end of year	<u>\$ 9,003</u>

The related amortization expense for the year ended December 31, 2024 was \$3,925.

(m) Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for cash and cash equivalents, restricted cash, accounts payable, and other liabilities approximate their respective fair values due to their short-term maturities. The fair value of the Company's long-term debt is estimated based on quoted market prices for the same or similar issues and the current rates offered to the Company for debt with the same remaining maturities. The carrying value of the Company's debt approximates fair market value due to the variable nature of the interest rate.

(n) Derivative and Hedging Activities

The Company recognizes derivative instruments as either assets or liabilities in the balance sheet at their respective fair values, unless they qualify for the normal purchase-normal sale exception. These instruments are reported gross on the Company's balance sheet. The Company uses derivative instruments to manage its exposure to interest rate risk and merchant power price risk and does not hold or issue derivative instruments for speculative or trading purposes.

The Company did not elect hedge accounting for all of its derivatives. The Company carries the derivatives at their fair value on the balance sheet and recognizes any subsequent changes in their fair value in earnings.

(o) Leases

The Company accounts for leases in accordance with Topic 842. The Company reviews its arrangements at contract inception to determine if it is or contains a lease. As of December 31, 2024 the Company has not entered into any material leases.

(p) Interest Expense

Interest payments are reported as interest expense on the statements of operations. Total interest expense was \$32,380 as of December 31, 2024. Interest expense includes interest on debt, commitment fees, interest rate swap settlements and corresponding changes in fair value. The interest rate swaps are derivative financial instruments and are recorded on the consolidated balance sheets at fair value.

(q) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable, which are concentrated within the energy industry and derivative financial instruments with large creditworthy financial institutions. These industry concentrations may

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

impact the Company's overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. Receivables and other contractual arrangements are subject to collateral requirements under the terms of enabling agreements. However, the Company believes that the credit risk posed by industry concentration is offset by the diversification and creditworthiness of its customer base. As of December 31, 2024, substantially all the Company's revenue and accounts receivable is with one counterparty.

(3) Property, Plant, and Equipment, Net

Property, plant, and equipment, net at December 31, 2024 consists of the following:

	<u>2024</u>
Plant and equipment in service	\$ 794,080
Work in process	<u>227</u>
Total	794,307
Less accumulated depreciation	<u>(167,530)</u>
Total	<u>\$ 626,777</u>

Depreciation expense was \$26,469 for the year ended December 31, 2024.

(4) Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 are summarized below under the three-level hierarchy established by ASC Topic 820, which defines the levels within the hierarchy as follows:

- Level 1 – Consists of assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date. The Company holds no assets or liabilities that meet the definition of level 1.
- Level 2 – Consists of assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date.
- Level 3 – Consists of assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date.

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

The following tables set forth by level within the fair value hierarchy the financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2024. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	December 31, 2024		
	Level 2	Level 3	Total
Derivative assets:			
Interest rate swap	\$ 3,980	—	3,980
Commodity swap	—	4	4
Total	\$ 3,980	4	3,984
Derivative liabilities:			
Interest rate swap	\$ —	—	—
Commodity swap	—	(10,172)	(10,172)
Total	\$ —	(10,172)	(10,172)

The valuation techniques used to measure the fair value of the Level 2 derivative financial instruments above in which the counterparties have high credit ratings were derived using the income approach from discounted cash flow from pricing models, with all significant inputs derived from or corroborated by observable market data. The Company's discounted cash flow techniques use observable market inputs, such as SOFR based yield curves.

The Commodity swaps referenced above have been designated as Level 3 derivative financial instruments due to their illiquidity. The Commodity swaps have been entered into with counterparties with high credit ratings.

(a) Additional Information Regarding Level 3 Measurements

For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations for contracts with tenors that extend into periods with no observable pricing. For the year ended December 31, 2024, the significant unobservable inputs used in the fair value measurement of the Power Swaps are as follows:

Level 3 financial instruments	Significant unobservable inputs by valuation technique	Range of significant unobservable inputs as of December 31, 2024
Power Swap	Power Price	\$37.477/MWh to \$48.709/MWh

(5) Project Debt

On November 10, 2015, the Company entered into a \$532 million floating rate construction and term loan facility to finance the construction of the project and a \$60 million working capital facility (together the Project Debt).

On April 4, 2023, the Company entered into a Credit Agreement (Refinance Agreement) with multiple lenders for a new Term loan facility in the amount of \$432,599 and a working capital loan facility in the amount of \$30,000. The proceeds from the Refinance Agreement were used to pay off the original term loan facility. This replaced the Project Debt with new loan terms and interest rates. One lender from the original term loan facility rolled over the principal amount of \$20,977 to be deemed borrowed under the refinance agreement. The rollover did not result in an actual exchange of cash.

Due to the majority of new lenders and materially different terms on the new loan this transaction was treated as an extinguishment of the original project debt and placement of new debt for these financial statements. The unamortized deferred financing costs of \$1,867 from the original project debt were written off as part of extinguishment, the Company recorded to deferred financing cost amortization expense in the statements of operations.

The Project Refinance Agreement contains certain restrictive covenants that, among other things, limit the Company's ability to incur additional indebtedness, maintain reserve accounts, make distributions, and the requirement to hedge the majority of interest rate risk.

The working capital facility has two primary uses: (i) to issue letters of credit and (ii) make working capital loans. Any working capital loans drawn pay interest at SOFR +400 bps and must be fully repaid by the fifth anniversary of the closing date. Repayments of working capital loans may be re-borrowed after the working capital loan has been repaid.

During 2024, the Company has debt outstanding as follows:

	2024	Interest rate
	Principal	
Term loan facility	\$ 387,184	Variable
Working capital loan facility	—	Variable
Total outstanding balance	387,184	
Deferred financing costs (net)	(9,003)	
Reported on balance sheet	\$ 378,181	

The principal and interest payments on the Project Refinancing Agreement are made quarterly on March 31, June 30, September 30, and December 31 of each year. The amount of these payments includes a mandatory principal payment in addition to a cash sweep mechanism for additional principal payments calculated on a quarterly basis.

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

The annual maturities of the Refinance Agreement based on mandatory principal payments are as follows:

2025	\$	4,400
2026		4,400
2027		4,400
2028		4,400
Thereafter		<u>369,584</u>
	\$	<u><u>387,184</u></u>

(6) Derivative Instruments and Hedging Activities

The Company uses interest rate derivative instruments to manage its exposure to changes in the interest rate on its variable rate debt instruments. In addition, from time to time the Company uses Commodity swaps to manage its merchant power price risk.

By using derivative financial instruments to hedge exposures to changes in interest rates and fluctuating power prices the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty, and therefore, the Company is not exposed to the counterparty's credit risk in those circumstances. The Company minimizes counterparty credit risk in derivative instruments by entering transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates or merchant power prices. The market risk associated with interest-rate contracts and Commodity swap contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

The tables listed below provide a reconciliation of the beginning and ending net balances for the derivative instruments measured at fair value. All interest rate swaps are classified as Level 2 in the fair value hierarchy and all Commodity swaps are classified as Level 3 in the fair value hierarchy:

	Year ended December 31, 2024		
	Interest Rate derivatives (Level 2)	Commodity derivatives (Level 3)	Total derivatives
Realized and unrealized gains (losses):			
Settlements	\$ 5,109	24,327	29,436
Fair value adjustments	1,581	(14,022)	(12,441)
Total gains (losses)	\$ 6,690	10,305	16,995
Statement of Operations recognition:			
Revenue	\$ —	10,305	10,305
Interest expense	6,690	—	6,690
Total gains (losses)	\$ 6,690	10,305	16,995

The following table summarizes the fair value within the derivative instrument valuation on the balance sheets as of December 31, 2024:

	December 31 2024 Fair value
Balance sheet location:	
Derivatives not designated as hedging instruments:	
Current assets	\$ 1,582
Noncurrent assets	2,402
Current liabilities	(2,991)
Noncurrent liabilities	(7,181)
Total derivatives not designated as hedging instruments	(6,188)
Total derivatives	\$ (6,188)

(a) Interest Rate Swaps

On November 10, 2015, the Company entered into eleven interest rate swap agreements, each with the same terms, which were designated as cash flow hedges of the forecasted interest payments for 75% of the expected outstanding Project Debt under the credit facility. The interest rate swaps are in effect from June 29, 2018 to June 30, 2023 and effectively convert the floating rate for the hedged portion of the Project Debt to a fixed interest rate of 2.521%. The interest rate swaps are derivative financial instruments and are recorded on the balance sheet at fair value. Changes in the combined fair value of the interest rate swaps of \$(9,810) were recorded in other comprehensive income (loss) for the year ended December 31, 2019. On December 31, 2019, the Company discontinued use of hedge accounting and \$9,266 was frozen in accumulated other

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

comprehensive income. This amount will be amortized into income using the effective-interest method (over the remaining life of the derivatives) through June 30, 2023.

On March 28, 2023, the Company terminated and settled its existing interest rate swap agreements, as part of the Refinance Agreement (see note 5). As part of the settlement of the existing interest rate swap agreements, the Company received \$1,950 for early redemption recorded as a reduction to interest expense. The Company entered into new interest rate swaps who's combined notional value which represent at least 75% of the outstanding principal of the Project Debt at all times. The interest rate swaps are in effect from June 30 ,2023 to December 31, 2029 and effectively convert the floating rate for the hedged portion of the Project Refinanced Agreement to a fixed interest rate between 3.45% and 3.75%.

(b) Commodity Swaps

During 2024 the Company entered into various Commodity Swap Transactions. These swaps lock in various fixed pricing of the Projects output. The notional volume of the Company's open derivative transactions is 2,405,900 MWH's for the year ended December 31, 2024.

(7) Related Party Transactions

(a) Administrative Management Agreement (AMA)

The Company executed an AMA with Caithness Freedom Administrative Management, LLC on November 10, 2015 to act as an independent contractor who performs operational management and general administrative services. The services and fees under the AMA began on January 1, 2018 and continue throughout the operating period of the Project. The Company pays an annual fee of \$2,000, which will be subject to annual increases based on the Consumer Price Index increase for the immediately preceding 12-month period. For the year ended December 31, 2024 the AMA fees of \$2,490 were incurred and recorded in general and administrative expenses in the statements of operation.

(b) Amounts Due from and Due to Related Parties

Amounts due to related parties pertain to payments of normal course of business expenses paid on behalf of the Company and intercompany loans. The amounts due to related parties as of December 31, 2024 is \$0.

(8) Commitment and Contingencies

The Company obtained Letters of Credit (LOC) under the working capital facility to satisfy the obligations for various site permit requirements. The table below summarizes the LOC drawn balance outstanding as of December 31, 2024:

Fee description	2024	
	LOC amount	Fee percentage
DSR LOC	\$ 22,500	4.00 %
Commodity Hedging LOC	1,000	4.00 %

MOXIE FREEDOM LLC
Notes to Financial Statements
December 31, 2024

The Company paid commitment fees in connection with the undrawn balance of the working capital facility. For the year ended December 31, 2024, the commitment fees, of \$997, are included in interest expense.

The table below summarizes the Company's commitment fees as of December 31, 2024:

Fee description	2024	
	Committed amount	Fee percentage
Working capital commitment fee	\$ 6,500	0.0625

(a) Operation and Maintenance Agreement (OMA)

On November 10, 2015, the Company entered into an OMA with EthosEnergy Power Plant Services, LLC (EEP), to provide for the operation and maintenance of the Facility. EEP provides appropriate staffing and perform the day-to-day operations, routine testing, maintenance, repair of the Facility, and other services required for electrical energy production. EEP procures all goods, services, accessories, consumables, parts, and equipment as needed to perform their duties as operator and receives payment for all payroll costs for on-site staffing as well as an annual fee to cover all costs to perform their duties as operator. The OMA is due to expire on the earlier of (i) five years after the Operational Phase, subject to extension upon mutual agreement of the Company and EEP and (ii) termination of the agreement by the Company or EEP. The terms of the OMA permit the Company to terminate the agreement at any time during the Operational Phase without cause upon giving 60 days' written notice to EEP.

Contract pricing under the terms of the OMA are as follows:

- Mobilization Phase: \$20 each month with an expected total of \$240, plus reimbursement of payroll costs and other operating expenses
- Operational Phase: \$300 annual fees, paid in \$25 monthly installments, plus reimbursement of payroll costs and other operating expenses

The OMA also provides for an annual performance adjustment, which, if positive, shall consist of a payment by the Company to EEP or, if negative, shall consist of a payment from EEP to the Company. The terms of the performance adjustment are as follows:

- Annual base amount of \$180, escalated by the change in the CPI compared to the CPI at the date of the OMA execution.
- Consideration of operator performance in safety, environmental, budget compliance and facility availability (all as defined in the OMA).

For the year ended December 31, 2024, the fees expensed were \$4,034.

(b) Contract Service Agreement (CSA)

On September 17, 2015, the Company entered into a CSA with General Electric International, Inc., pursuant to which they will provide parts and services for the installed gas turbines. The CSA will cover maintenance, repair of collateral damage, initial spare parts, monitoring systems,

unscheduled outage obligations, nonhazardous cleanup, and permits having to do with the installed turbines.

The term of the CSA is for 20 years with no option to terminate by either party without penalty. Minimum payments required under the contract vary by year totaling \$27,000 from 2024 through 2030 excluding direct costs and variable fees.

(c) Contract for Sale and Purchase of Natural Gas (GSA)

On August 7, 2015, the Company entered into the GSA with South Jersey Resources Group, LLC (SJRG) for the firm supply and transportation of up to 157,000 MMBtu of natural gas to the project for a period of 10 years from the in-service date. In 2015, the Company elected ASC 815 scope except for normal purchase-normal sale. SJRG will procure gas from Coterra Energy, Inc. (formerly known as Cabot Oil & Gas) and sell it to the Project using a three-tranche pricing formula.

Pursuant to the terms of the agreement, the Project must bid all available energy (consistent with 150,000 MMBtus of gas) into the PJM Interconnection, LLC (PJM) day-ahead market. If the unit is unavailable to generate energy, there is no gas purchase requirement.

For the year ended December 31, 2024, the Company incurred expenses of \$130,666, which have been recorded as fuel expense.

(d) Interconnection Service Agreement (ISA)

On November 6, 2015, PJM and PPL Electric Utilities Corporation executed an ISA with the Company to allow the Facility to connect to PJM's transmission system with 980 megawatts of capacity interconnections rights. The Facility is interconnected to the PJM grid through a new 500-kilovolt switchyard along the Susquehanna-Lackawanna 500-kilovolt line. The substation and transmission system upgrades cost \$34.5 million, which were capitalized to property, plant, and equipment. Effective February 24, 2022, PJM and PPL Electric Utilities Corporation executed a revised ISA with the Company to allow the Facility to connect to PJM's transmission system for an additional 65 MW for a total of 1,045 MW of capacity interconnections rights.

(9) Subsequent Events

On July 17, 2025 the Moxie Freedom Holdings, LLC, the sole owner of the Company entered into an agreement to sell its entire interest in the Company to an unrelated third party. This transaction is not expected to have any effect on the Company's financial position.

In September 2025, the Company received notice from an unrelated third party alleging breach of contract. The Company has conducted a thorough review of the case and consulted with legal counsel. Based on the information currently available, the Company believes that the claims are without merit and intends to vigorously defend against them. At this time, no reserve has been recorded in the financial statements for potential liabilities related to this litigation, as management does not expect any material adverse impact on the Company's financial position or results of operations. Subsequent events have been evaluated and disclosed as required through the report issuance date of September 12, 2025.

MOXIE FREEDOM LLC

Interim Financial Statements

For the Three and Six Months Ended June 30, 2025

(Unaudited)

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For the Three and Six Months Ended June 30, 2025

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[KPMG LOGO]

KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501
KPMG

Independent Auditors' Report

The Member
Moxie Freedom LLC:

Results of Review of Condensed Consolidated Interim Financial Information

We have reviewed the condensed financial statements of Moxie Freedom LLC (the Company), which comprise the condensed balance sheet as of June 30, 2025, the related condensed statements of operations for the three-month and six-month periods ended June 30, 2025, and the related condensed statements of cash flows and changes in Member's Capital for the six-month periods ended, and the related notes (collectively referred to as the condensed interim financial information).

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed interim financial information for it to be in accordance with U.S. generally accepted accounting principles.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review.

Responsibilities of Management for the Condensed Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of condensed interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Consolidated Balance Sheet as of December 31, 2024

We have previously audited, in accordance with GAAS, the balance sheet as of December 31, 2024, and the related statements of operations, statement of member's capital, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 31, 2025. In our opinion, the accompanying condensed balance sheet of the Company as of December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

/s/ KMPG LLP
Philadelphia, Pennsylvania
September 15, 2025

MOXIE FREEDOM, LLC
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands)

	June 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 882	\$ 761
Restricted cash	12,663	1,088
Current portion of derivative assets	3,226	1,582
Accounts receivable	16,824	10,271
Materials and supplies	3,852	3,872
Prepaid expenses and other current assets	675	4,925
Total current assets	38,122	22,499
Property, plant & equipment	613,660	626,777
Land	8,479	8,479
Long term portion of derivative assets	—	2,402
Other assets	24,295	25,144
Total assets	\$ 684,556	\$ 685,301
Liabilities and Members' Capital		
Current liabilities		
Accounts payable and accrued expenses	\$ 16,064	\$ 7,354
Current portion of project loan and subordinated loan	4,400	4,400
Current portion of derivative liabilities	10,890	2,991
Total current liabilities	31,354	14,745
Derivative liabilities	5,936	7,181
Project loan	350,789	373,781
Total liabilities	388,079	395,707
Members' capital	296,477	289,594
Total member's Capital	296,477	289,594
Total liabilities and members' capital	\$ 684,556	\$ 685,301

The accompanying notes are an integral part of these condensed consolidated financial statements.

MOXIE FREEDOM, LLC
Condensed Consolidated Statement of Statements of Operations
(Unaudited)
(in thousands)

	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025
Revenue:			
Electricity sales	\$ 79,115	\$	159,203
Total revenue	79,115		159,203
Operating expenses:			
Fuel expenses	33,387		84,792
Plant operating expenses	6,786		14,422
General and administrative expense	763		1,490
Depreciation expense	6,624		13,248
Total operating expenses	47,560		113,952
Operating income	31,555		45,251
Other expenses:			
Deferred financing cost amortization expense	870		1,798
Interest expense	9,183		19,831
Total other expenses	10,053		21,629
Net income	\$ 21,502	\$	23,622

The accompanying notes are an integral part of these condensed consolidated financial statements.

MOXIE FREEDOM, LLC
Condensed Consolidated Statement of Changes in Member's Capital
(Unaudited)
(in thousands)

	Total Member's Capital
Member's capital at December 31, 2024	\$ 289,594
Net income	23,622
Equity distributions	(16,739)
Member's capital at June 30, 2025	\$ <u>296,477</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

MOXIE FREEDOM, LLC
Condensed Consolidated Statement of Cash Flows
(Unaudited)
(in thousands)

		Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net income	\$	23,622
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense		13,248
Deferred financing cost amortization expense		1,798
Unrealized loss on power swaps		1,095
Unrealized loss on gas swaps		1,965
Unrealized loss on interest rate swaps		4,352
Change in operating assets and liabilities:		
Accounts receivable		(6,553)
Accounts payable, accrued expenses and accrued interest		8,712
Prepaid expenses and other assets		5,118
Net cash provided by operating activities		<u>53,357</u>
Cash flows from investing activities:		
Capital expenditures		(131)
Net cash used in investing activities		<u>(131)</u>
Cash flows from financing activities:		
Payment of principal		(24,791)
Distribution to member		(16,739)
Net cash used in financing activities		<u>(41,530)</u>
Net change in cash and cash equivalents		<u>11,696</u>
Cash, restricted cash and cash equivalents at beginning of year		<u>1,849</u>
Cash, restricted cash and cash equivalents at end of year	\$	<u><u>13,545</u></u>
Supplemental cash flow information:		
Cash paid for interest	\$	15,016

The accompanying notes are an integral part of these condensed consolidated financial statements.

MOXIE FREEDOM LLC

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(1) Organization and Operation of the Company

(a) Description of Business

Moxie Freedom LLC (the Company) was formed on March 4, 2014, as a Delaware limited liability company to develop, finance, construct, own, and operate a gas-fired combined cycle power generation facility with a capacity of approximately 1,105 MW that is located in Salem Township, Luzerne County, Pennsylvania (the Project or the Facility). The Company's members were Moxie Energy, LLC and various related individuals until November 9, 2015 when 100% of all outstanding interest was transferred to Moxie Freedom Holdings LLC, an affiliate. The Company is governed by a limited liability company agreement.

The Company started construction of the Project during 2015 and was placed in commercial operation on September 1, 2018, its commercial operation date (COD).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and reflects all adjustments, which the Company believes are necessary to fairly present the financial position, results of operations, and cash flows of the Company for the three and six months ended June 30, 2025.

(b) Accounts Receivable and Revenue Recognition

Accounts receivable consists of receivables from PJM Interconnection, LLC (PJM) for capacity, energy, and ancillary services payments. The Company earns merchant revenue for incremental capacity, energy, and ancillary services provided to PJM. Merchant capacity, energy, and ancillary services revenue is recorded as electricity sales at the end of each operating period based upon energy delivered and services provided during the period.

In the normal course of business, the Company has future performance obligations for capacity sales awarded through market-based capacity auctions and (or) for capacity sales under bilateral contractual arrangements.

The PJM Base Residual Auction (BRA) for the 2025/2026 PJM Capacity Year was held in July 2024. The Company cleared a total of 767.70 MW at a clearing price of 269.92 per MW-day for the PJM MAAC locational delivery areas.

As of June 30, 2025, the expected future period capacity revenues subject to unsatisfied or partially unsatisfied performance obligations were:

		<u>2025</u>		<u>2026</u>
Expected capacity revenues	\$	36,823	\$	30,019

The PJM BRA for delivery year 2026/2027 was held in July 2025. The Company cleared a total of 711.50 MW at a clearing price of 329.17 per MW-day.

The Company's revenue includes sales from commodity contracts that are accounted for under ASC 815, Derivatives and Hedging (ASC 815). Revenue from commodity contracts primarily relates to forward sales of commodities merchant energy prices, which are accounted for as derivatives at fair value under ASC 815. These forward sales meet the definition of a derivative under ASC 815 as they have an underlying

MOXIE FREEDOM LLC

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(e.g. the price of gas), a notional amount (e.g. tons), no initial net investment and can be net settled since the commodity is readily convertible to cash. Revenue from commodity contracts is recognized in electricity sales for the contracted amount when the contracts are settled at a point in time by transferring control of the commodity to the customer, similarly to revenue recognized from contracts with customers under ASC 606. From inception through settlement, these forward sales arrangements are recorded at fair value under ASC 815 with unrealized gains and losses recognized in the respective statement of operations caption (revenue or interest expense) and carried on the balance sheet as assets or liabilities (see Note 6: Derivative Instruments and Hedging Activities), respectively. Further information about the fair value of these contracts is presented in the Note 4: Fair Value Measurements.

The following table represents merchant capacity, energy, settlement of power swaps, and ancillary services revenue sales at June 30, 2025.

	<u>Three Month Ended June 30, 2025</u>		<u>Six Months Ended June 30, 2025</u>
Contracts earned under 606:			
Capacity	\$ 9,021	\$	13,473
Energy	51,477		146,286
Ancillary sales	825		1,602
Contracts earned under 815:			
Realized gain (loss) on derivative instruments	1,789		(1,063)
Unrealized gain (loss) on derivative instruments	16,003		(1,095)
	<u>\$ 79,115</u>	\$	<u>159,203</u>

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount of these instruments approximates fair value because of their short-term maturity.

(d) Restricted Cash

Restricted cash represents amounts that are required to be maintained in separate accounts in connection with the Project Debt (Note 5) for future debt service, major maintenance requirements, and general corporate purposes.

All funds are held in highly rated money market accounts, and the carrying value approximates fair value as of June 30, 2025.

(e) Property, Plant, and Equipment, Net

The Company's property, plant, and equipment are stated at cost net of accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of the related assets.

The following table provides the depreciable lives used for each asset class:

Balance of plant	30 years
Buildings and other assets	5-25 years

MOXIE FREEDOM LLC
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(f) Materials and Supplies

Materials and supplies in the amount of \$3.9 million as of June 30, 2025 and December 31, 2024, respectively, is stated at the lower of the average cost or net realizable value.

(g) Income Taxes

The Company is a disregarded entity for tax purposes. Accordingly, any effect of income taxes is recognized at their indirect parent.

(h) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and member's capital and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and allocation of profits and losses during the reporting period. Actual results could differ from those estimates. The Company is unaware of any change of conditions or situations that would cause any material change in estimates used to prepare the financial statements.

(i) Asset Retirement Obligations

The Company has no legal, constructive, or regulatory obligations related to the closure of the Facility, and accordingly, no asset retirement obligation is recorded in the financial statements.

(j) Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds fair value of the asset. Assets to be disposed of would be separately presented in the balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the balance sheets.

(k) Deferred Financing Costs

Deferred financing costs represent costs to obtain long-term financing and are amortized using the effective-interest method over the term of the related debt. Deferred financing costs have been netted against long-term project debt (note 5) and at June 30, 2025 consist of the following:

	<u>June 30, 2025</u>		<u>December 31, 2024</u>
Gross carrying amount	\$ 16,035	\$	16,035
Accumulated amortization	<u>(8,830)</u>		<u>(7,032)</u>
Balance at end of period	<u>\$ 7,205</u>	\$	<u>9,003</u>

The related amortization expense for the three and six months ended June 30, 2025 was \$0.9 million and \$1.8 million, respectively.

(l) Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for cash and cash equivalents, restricted cash, accounts payable, and other liabilities approximate their respective fair values due to their short-term maturities. The fair value of the Company's long-term debt is estimated based on quoted market prices for the same or similar issues and the current rates offered to the Company for debt with the same remaining maturities. The carrying value of the Company's debt approximates fair market value due to the variable nature of the interest rate.

(m) Derivative and Hedging Activities

The Company recognizes derivative instruments as either assets or liabilities in the balance sheet at their respective fair values, unless they qualify for the normal purchase-normal sale exception. These instruments are reported gross on the Company's balance sheet. The Company uses derivative instruments to manage its exposure to interest rate risk and merchant power price risk and does not hold or issue derivative instruments for speculative or trading purposes.

The Company did not elect hedge accounting for all of its derivatives. The Company carries the derivatives at their fair value on the balance sheet and recognizes any subsequent changes in their fair value in earnings.

(n) Leases

The Company accounts for leases in accordance with Topic 842. The Company reviews its arrangements at contract inception to determine if it is or contains a lease. As of June 30, 2025 and December 31, 2024 the Company has not entered into any material leases.

(o) Interest Expense

Interest payments are reported as interest expense on the statements of operations. Total interest expense was \$9.2 million and \$19.8 million for the three and six months ended June 30, 2025, respectively. Interest expense includes interest on debt, interest rate swap settlements and corresponding changes in fair value.

(p) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable, which are concentrated within the energy industry and derivative financial instruments with large creditworthy financial institutions. These industry concentrations may impact the Company's overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. Receivables and other contractual arrangements are subject to collateral requirements under the terms of enabling agreements. However, the Company believes that the credit risk posed by industry concentration is offset by the diversification and creditworthiness of its customer base. As of June 30, 2025, substantially all the Company's revenue and accounts receivable is with one counterparty.

MOXIE FREEDOM LLCNotes to Condensed Consolidated Financial Statements
(Unaudited)**(3) Property, Plant, and Equipment, Net**

Property, plant, and equipment, net at June 30, 2025 and December 31, 2024 consists of the following:

	<u>June 30, 2025</u>		<u>December 31, 2024</u>
Plant and equipment in service	\$ 794,080	\$	794,080
Work in process	357		227
Total	<u>794,437</u>		<u>794,307</u>
Less: accumulated depreciation	<u>(180,777)</u>		<u>(167,530)</u>
Total property, plant, and equipment, net	<u>\$ 613,660</u>	\$	<u>626,777</u>

Depreciation expense was \$6.6 million and \$13.2 million for the three and six months ended June 30, 2025, respectively.

(4) Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 and December 31, 2024 are summarized below under the three-level hierarchy established by ASC Topic 820, which defines the levels within the hierarchy as follows:

- Level 1 – Consists of assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date. The Company holds no assets or liabilities that meet the definition of level 1.
- Level 2 – Consists of assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date
- Level 3 – Consists of assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date.

MOXIE FREEDOM LLC
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The following tables set forth by level within the fair value hierarchy the financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2025 and December 31, 2024. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and placement within the fair value hierarchy levels.

		June 30, 2025			
		Level 1	Level 2	Level 3	Total
Derivative assets:					
Interest rate swap	\$	-	\$ 759	\$ -	\$ 759
Power swap		-	-	2,467	2,467
Total assets measured at fair value	\$	-	\$ 759	\$ 2,467	\$ 3,226
Derivative liabilities:					
Interest rate swap	\$	-	\$ 1,131	\$ -	\$ 1,131
Power swap		-	-	13,730	13,730
Gas swap		-	1,965	-	1,965
Total liabilities measured at fair value	\$	-	\$ 3,096	\$ 13,730	\$ 16,826
		December 31, 2024			
		Level 1	Level 2	Level 3	Total
Derivative assets:					
Interest rate swap	\$	-	\$ 3,980	\$ -	\$ 3,980
Power swap		-	-	4	4
Total assets measured at fair value	\$	-	\$ 3,980	\$ 4	\$ 3,984
Derivative liabilities:					
Power swap	\$	-	-	\$ 10,172	\$ 10,172
Total liabilities measured at fair value	\$	-	-	\$ 10,172	\$ 10,172

The valuation techniques used to measure the fair value of the Level 2 derivative financial instruments above in which the counterparties have high credit ratings were derived using the income approach from discounted cash flow from pricing models, with all significant inputs derived from or corroborated by observable market data. The Company's discounted cash flow techniques use observable market inputs, such as SOFR based yield curves.

The gas swaps referenced above have been designated as Level 2 derivative financial instruments. The valuation of these instruments is based on the income approach using discounted cash flow pricing models that incorporate observable market inputs such as forward natural gas prices, basis differentials, and broker quotations for similar contracts in active markets. These inputs are corroborated by market data, and the counterparties to the gas swaps have high credit ratings.

The Power swaps referenced above have been designated as Level 3 derivative financial instruments due to their illiquidity. The power swaps have been entered into with counterparties with high credit ratings.

MOXIE FREEDOM LLC

Notes to Condensed Consolidated Financial Statements
(Unaudited)

(a) Additional Information Regarding Level 3 Measurements

For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations for contracts with tenors that extend into periods with no observable pricing. The significant unobservable inputs used in the fair value measurement of the Power Swaps as of June 30, 2025 and December 31, 2024 are as follows:

Level 3 Financial Instruments	Significant Unobservable Inputs by Valuation Technique	Range of Significant Unobservable Inputs	
		June 30, 2025	December 31, 2024
Power Swap	Power Price	\$34.650/MWh to \$51.467/MWh	\$37.477/MWh to \$48.709/MWh

The following table presents the activity for the Power Swaps for the period ended June 30, 2025:

	2025
Balance at beginning of period, net	\$ (10,168)
Unrealized loss on power swaps	(1,095)
Balance at end of period, net	<u>\$ (11,263)</u>

(5) Project Debt

On November 10, 2015, the Company entered into a \$532.0 million floating rate construction and term loan facility to finance the construction of the project and a \$60.0 million working capital facility (together the Project Debt).

On April 4, 2023, the Company entered into a Credit Agreement (Refinance Agreement) with multiple lenders for a new Term loan facility in the amount of \$432.6 million and a working capital loan facility in the amount of \$30.0 million. The proceeds from the Refinance Agreement were used to pay off the original term loan facility. This replaced the Project Debt with new loan terms and interest rates. One lender from the original term loan facility rolled over the principal amount of \$21.0 million to be deemed borrowed under the refinance agreement. The rollover did not result in an actual exchange of cash.

Due to the majority of new lenders and materially different terms on the new loan this transaction was treated as an extinguishment of the original project debt and placement of new debt for these financial statements. The unamortized deferred financing costs of \$1.9 million from the original project debt were written off as part of extinguishment, the Company recorded to deferred financing cost amortization expense in the statements of operations.

The Project Refinance Agreement contains certain restrictive covenants that, among other things, limit the Company's ability to incur additional indebtedness, maintain reserve accounts, make distributions, and the requirement to hedge the majority of interest rate risk.

The working capital facility has two primary uses: (i) to issue letters of credit and (ii) make working capital loans. Any working capital loans drawn pay interest at SOFR +400 bps and must be fully repaid by the fifth anniversary of the closing date. Repayments of working capital loans may be borrowed after the working capital loan has been repaid.

MOXIE FREEDOM LLC
Notes to Condensed Consolidated Financial Statements
(Unaudited)

As of June 30, 2025 and December 31, 2024, the Company has debt outstanding as follows:

	<u>June 30, 2025</u>		<u>December 31, 2024</u>	<u>Interest Rate</u>
Term loan facility	\$ 362,394	\$	387,184	Variable
Working capital loan facility	-		-	Variable
Total outstanding balance	362,394		387,184	
Less: deferred financing costs (net)	(7,205)		(9,003)	
Less: current portion of project loan	(4,400)		(4,400)	
Total project loan	<u>\$ 350,789</u>	<u>\$</u>	<u>373,781</u>	

The principal and interest payments on the Project Refinancing Agreement are made quarterly on March 31, June 30, September 30, and December 31 of each year. The amount of these payments includes a mandatory principal payment in addition to a cash sweep mechanism for additional principal payments calculated on a quarterly basis. As of June 30, 2025 and December 31, 2024, the fair market value of the debt was \$367 million and \$393 million, respectively. For the three and six months ended June 30, 2025, the amount of interest cost incurred on the current Project Debt was \$7.4 million and \$15.0 million, respectively.

The annual maturities of the Refinance Agreement based on mandatory principal payments as of June 30, 2025 are as follows:

2025 (remaining six months)	\$ 2,200
2026	4,400
2027	4,400
2028	4,400
2029	346,994
Thereafter	-
Total	<u>\$ 362,394</u>

(6) Derivative Instruments and Hedging Activities

The Company uses interest rate derivative instruments to manage its exposure to changes in the interest rate on its variable rate debt instruments. In addition, from time to time the Company uses power swaps to manage its merchant power price risk.

By using derivative financial instruments to hedge exposures to changes in interest rates and fluctuating power prices the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty, and therefore, the Company is not exposed to the counterparty's credit risk in those circumstances. The Company minimizes counterparty credit risk in derivative instruments by entering transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates or merchant power prices. The market risk associated with interest-rate contracts and power swap contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

MOXIE FREEDOM LLC
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The tables listed below provide a reconciliation of the beginning and ending net balances for the derivative instruments measured at fair value. All interest rate swaps are classified as Level 2 in the fair value hierarchy and all power swaps are classified as Level 3 in the fair value hierarchy:

	Three Months Ended June 30, 2025			
	Gas Derivatives (Level 2)	Interest Rate Derivatives (Level 2)	Power Derivatives (Level 3)	Total Derivatives
Realized and unrealized gains (losses):				
Settlements	\$ -	\$ 523	\$ 1,789	\$ 2,312
Fair value adjustments	(1,815)	(1,566)	16,003	12,622
Total gains (losses)	<u>\$ (1,815)</u>	<u>\$ (1,043)</u>	<u>\$ 17,792</u>	<u>\$ 14,934</u>
Statement of operations recognition:				
Revenue	\$ -	\$ -	\$ 17,792	\$ 17,792
Fuel expense	(1,815)			(1,815)
Interest expense	-	(1,043)	-	(1,043)
Total gains (losses)	<u>\$ (1,815)</u>	<u>\$ (1,043)</u>	<u>\$ 17,792</u>	<u>\$ 14,934</u>

	Six Months Ended June 30, 2025			
	Gas Derivatives (Level 2)	Interest Rate Derivatives (Level 2)	Power Derivatives (Level 3)	Total Derivatives
Realized and unrealized gains (losses):				
Settlements	\$ -	\$ 1,103	\$ (1,063)	\$ 40
Fair value adjustments	(1,965)	(4,352)	(1,095)	(7,412)
Total gains (losses)	<u>\$ (1,965)</u>	<u>\$ (3,249)</u>	<u>\$ (2,158)</u>	<u>\$ (7,372)</u>
Statement of operations recognition:				
Revenue	\$ -	\$ -	\$ (2,158)	\$ (2,158)
Fuel expense	(1,965)	-	-	(1,965)
Interest expense	-	(3,249)	-	(3,249)
Total gains (losses)	<u>\$ (1,965)</u>	<u>\$ (3,249)</u>	<u>\$ (2,158)</u>	<u>\$ (7,372)</u>

For the three and six months ended June 30, 2025 the Company received \$0.5 million and \$1.1 million of interest swap settlements, which were recognized on the statement of operations.

(a) Interest Rate Swaps

On March 28, 2023, the Company terminated and settled its existing interest rate swap agreements, as part of the Refinance Agreement (see Note 5). As part of the settlement of the existing interest rate swap agreements, the Company received \$2.0 million for early redemption recorded as a reduction to interest expense. The Company entered into new interest rate swaps whose combined notional value which represent at least 75% of the outstanding principal of the Project Debt at all times. The interest rate swaps are in effect from June 30, 2023 to December 31, 2029 and effectively convert the floating rate for the hedged portion of the Project Refinanced Agreement to a fixed interest rate between 3.45% and 3.75%.

(b) Commodity Swaps

During 2023 and 2024 the Company entered into various Commodity Swap Transactions. These swaps lock in various fixed pricing of the Projects output. The notional volume of the Company's open derivative transactions is 4,656,000 MWH's for the period ended June 30, 2025.

MOXIE FREEDOM LLC
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The following table summarizes the fair value within the derivative instrument valuation on the balance sheets as of June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Balance sheet location:		
Derivatives not designated as hedging instruments:		
Current assets	\$ 3,227	\$ 1,582
Noncurrent assets	-	2,402
Current liabilities	(10,890)	(2,991)
Noncurrent liabilities	(5,936)	(7,181)
Total derivatives not designated as hedging instruments	(13,599)	(6,188)
Total derivatives	\$ (13,599)	\$ (6,188)

(7) Related Party Transactions

(a) Administrative Management Agreement (AMA)

The Company executed an AMA with Caithness Freedom Administrative Management, LLC on November 10, 2015 to act as an independent contractor who performs operational management and general administrative services. The services and fees under the AMA began on January 1, 2018 and continue throughout the operating period of the Project. The Company pays an annual fee of \$2.0 million, which will be subject to annual increases based on the Consumer Price Index increase for the immediately preceding 12-month period. For the three and six months ended June 30, 2025, the AMA fees of \$0.7 million and \$1.3 million respectively were incurred and recorded in general and administrative expenses in the statements of operation.

(b) Amounts Due from and Due to Related Parties

Amounts due to related parties pertain to payments of normal course of business expenses paid on behalf of the Company and intercompany loans. The Company currently does not have amounts due to or due from related parties as of June 30, 2025 and December 31, 2024.

(8) Commitment and Contingencies

In 2023 and 2024, the Company obtained Letters of Credit (LOC) under the working capital facility to satisfy the obligations for various site permit requirements. On December 31, 2024 the Commodity Hedging LOC was no longer necessary and was returned to the working capital facility.

The Company pays commitment fees in connection with the undrawn balance of the working capital facility. For the three and six months ended June 30, 2025, the LOCs and commitment fees, were \$0.2 million and \$0.5 million, respectively, which are included in interest expense on the statements of operations.

The table below summarizes the Company's commitment fees as of June 30, 2025:

		June 30, 2025	
		Committed amount	Fee percentage
Working capital commitment fee	\$	6,500	6.25 %

(a) Operation and Maintenance Agreement (OMA)

On November 10, 2015, the Company entered into an OMA with EthosEnergy Power Plant Services, LLC (EEP), to provide for the operation and maintenance of the Facility. EEP provides appropriate staffing and perform the day-to-day operations, routine testing, maintenance, repair of the Facility, and other services required for electrical energy production. EEP procures all goods, services, accessories, consumables, parts, and equipment as needed to perform their duties as operator and receives payment for all payroll costs for on-site staffing as well as an annual fee to cover all costs to perform their duties as operator. The OMA is due to expire on the earlier of (i) five years after the Operational Phase, subject to extension upon mutual agreement of the Company and EEP and (ii) termination of the agreement by the Company or EEP. The terms of the OMA permit the Company to terminate the agreement at any time during the Operational Phase without cause upon giving 60 days' written notice to EEP.

Contract pricing under the terms of the OMA are as follows:

- Mobilization Phase: \$20 thousand each month with an expected total of \$0.2 million, plus reimbursement of payroll costs and other operating expenses
- Operational Phase: \$0.3 million annual fees, paid in \$25 thousand monthly installments, plus reimbursement of payroll costs and other operating expenses

The OMA also provides for an annual performance adjustment, which, if positive, shall consist of a payment by the Company to EEP or, if negative, shall consist of a payment from EEP to the Company. The terms of the performance adjustment are as follows:

- Annual base amount of \$0.2 million, escalated by the change in the CPI compared to the CPI at the date of the OMA execution.
- Consideration of operator performance in safety, environmental, budget compliance and facility availability (all as defined in the OMA).

For the three and six months ended June 30, 2025, the fees expensed were \$1.0 and \$2.4 million, respectively.

(b) Contract Service Agreement (CSA)

On September 17, 2015, the Company entered into a CSA with General Electric International, Inc., pursuant to which they will provide parts and services for the installed gas turbines. The CSA will cover maintenance, repair of collateral damage, initial spare parts, monitoring systems, unscheduled outage obligations, nonhazardous cleanup, and permits having to do with the installed turbines.

The term of the CSA is for 20 years with no option to terminate by either party without penalty. Minimum payments required under the contract vary by year totaling \$27.0 million from 2024 through 2030 excluding direct costs and variable fees.

(c) Contract for Sale and Purchase of Natural Gas (GSA)

On August 7, 2015, the Company entered into the GSA with South Jersey Resources Group, LLC (SJRG) for the firm supply and transportation of up to 157,000 MMBtu of natural gas to the project for a period of 10 years from the in-service date. In 2015, the Company elected ASC 815 scope except for normal purchase-normal sale. SJRG will procure gas from Cabot Oil & Gas and sell it to the Project using a three-tranche pricing formula:

MOXIE FREEDOM LLC
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Pursuant to the terms of the agreement, the Project must bid all available energy (consistent with 150,000 MMBtus of gas) into the PJM Interconnection, LLC (PJM) day-ahead market. If the unit is unavailable to generate energy, there is no gas purchase requirement.

For the three and six months ended June 30, 2025, the Company incurred expenses of \$31.6 million and \$82.8 million, respectively, which have been recorded as fuel expense.

(d) Interconnection Service Agreement (ISA)

On November 6, 2015, PJM and PPL Electric Utilities Corporation executed an ISA with the Company to allow the Facility to connect to PJM's transmission system with 980 megawatts of capacity interconnections rights. The Facility is interconnected to the PJM grid through a new 500-kilovolt switchyard along the Susquehanna-Lackawanna 500-kilovolt line. The substation and transmission system upgrades cost \$34.5 million, which were capitalized to property, plant, and equipment Effective February 24, 2022, PJM and PPL Electric Utilities Corporation executed a revised ISA with the Company to allow the Facility to connect to PJM's transmission system for an additional 65 MW for a total of 1,045 MW of capacity interconnections rights.

(9) Subsequent Events

Subsequent events have been evaluated and disclosed as required through the report issuance date of September 15, 2025.

On July 17, 2025, Talen Energy entered into an agreement to acquire the Moxie Freedom Energy Center in Salem Township, Pennsylvania, and the Guernsey Power Station in Ohio from Caithness Energy for approximately \$3.5 billion. The acquisitions are expected to close in the fourth quarter of 2025, subject to customary regulatory approvals and closing conditions. No adjustments have been made to the consolidated financial statements as of June 30, 2025 related to these transactions.

In September 2025, the Company received notice from an unrelated third party alleging breach of contract. The Company has conducted a thorough review of the case and consulted with legal counsel. Based on the information currently available, the Company believes that the claims are without merit and intends to vigorously defend against them. At this time, no reserve has been recorded in the financial statements for potential liabilities related to this litigation, as management does not expect any material adverse impact on the Company's financial position or results of operations.

**GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY**

Consolidated Financial Statements

December 31, 2024

(With Independent Auditors' Report Thereon)

[KPMG LOGO]

KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Member
Guernsey Power Holdings, LLC and Subsidiary:

Opinion

We have audited the consolidated financial statements of Guernsey Power Holdings, LLC and its Subsidiary (the Company), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operations, member's capital, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/KPMG LLP

Philadelphia, Pennsylvania

September 12, 2025

**GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY**
Consolidated Balance Sheet
December 31, 2024
(Dollars in thousands)

Assets	2024
Current assets:	
Cash and cash equivalents (note 2)	\$ 1,711
Restricted cash (note 2)	10,936
Accounts receivables	18,483
Prepaid expenses and other assets	6,064
Current portion of derivative assets, revenue put (notes 4 and 6)	64
Current portion of derivative assets (notes 4 and 6)	<u>19,953</u>
Total current assets	57,211
Derivative assets (notes 4 and 6)	29,205
Derivative asset, revenue put (notes 4 and 6)	424
Other long term assets (note 8)	20,944
Land	23,474
Property, plant and equipment, net	<u>1,380,923</u>
Total assets	<u>\$ 1,512,181</u>
Liabilities and Member's Capital	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 24,527
Due to related parties (note 7)	100
Current portion of derivative liabilities (notes 4 and 6)	14,221
Current portion of Project debt (note 5)	<u>54,798</u>
Total current liabilities	93,646
Derivative liability (notes 4 and 6)	10,666
Other long term liability (note 8)	10,000
Project debt, net of deferred financing costs (note 5)	<u>775,512</u>
Total liabilities	889,824
Commitments and contingencies (note 8)	
Member's capital	<u>622,357</u>
Total liabilities and member's capital	<u>\$ 1,512,181</u>

See accompanying notes to consolidated financial statements.

**GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY**
Consolidated Statement of Operations
Year ended December 31, 2024
(Dollars in thousands)

	<u>2024</u>
Revenue	\$ 364,335
Operating expenses:	
Fuel expense	208,299
Plant operating expense	39,278
General and administrative expenses	5,228
Depreciation expense	<u>48,673</u>
Total operating expenses	<u>301,478</u>
Operating income	<u>62,857</u>
Other (income) expenses:	
Other income	(552)
Interest expense	59,942
Deferred financing cost amortization expense	<u>4,815</u>
Total other expenses and income, net	<u>64,205</u>
Net loss	<u>\$ (1,348)</u>

See accompanying notes to financial statements.

**GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY**
Consolidated Statement of Member's Capital
Year ended December 31, 2024
(Dollars in thousands)

	<u>2024</u>
Member's capital at beginning of year	\$ 637,060
Distributions to member	(13,355)
Net loss	<u>(1,348)</u>
Member's capital at end of year	<u>\$ 622,357</u>

See accompanying notes to consolidated financial statements.

**GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY**
Consolidated Statement of Cash Flows
Year ended December 31, 2024
(Dollars in thousands)

	2024
Cash flows provided by operating activities:	
Net loss	\$ (1,348)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation expense	48,673
Deferred financing cost amortization expense	4,815
Unrealized loss on revenue put	840
Unrealized loss from derivatives	34,450
Changes in operating assets and liabilities:	
Prepaid and other assets	(13,503)
Accounts receivable	(707)
Accounts payable and accrued liabilities	10,657
Amounts due to related parties	(401)
Net cash provided by operating activities	83,476
Cash flows used in investing activity:	
Capital expenditures	(256)
Net cash used in investing activity	(256)
Cash flows provided by financing activities:	
Repayment of project loans	(62,260)
Distributions to member	(13,355)
Net cash (used in) provided by financing activities	(75,615)
Net change in cash and restricted cash	7,605
Cash, restricted cash, and cash equivalents at beginning of year	5,042
Cash, restricted cash, and cash equivalents at end of year	\$ 12,647
Supplemental cash flow disclosure:	
Cash paid for interest, net	\$ 48,074

See accompanying notes to consolidated financial statements.

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(1) Organization and Operation of the Company

Guernsey Power Holdings, LLC (GPH or the Company) was formed on July 12, 2016, as a Delaware limited liability company, to act as a holding company for Guernsey Power Station, LLC (the Project Company), which was formed to develop, finance, construct, own, and operate a gas-fired combined-cycle power generation facility with a capacity of approximately 1,875 MW located in Guernsey County, Ohio (the Project or Facility). The Company is wholly owned by Caithness Apex Guernsey, LLC (Member), and is governed by a limited liability company agreement that contains customary industry terms.

On August 29, 2019, Caithness Guernsey Holdings, LLC (CGH) an indirect owner of the Company made non-cash contributions to the Company in an amount equal to \$19,873, which consisted of (i) \$16,664 which represented the amount owed to CGH in accordance with the Project Development Loan and Development Service Agreement (DSA), which was deemed repaid in full at that time and (ii) \$2,000, which was a special distribution that was simultaneously contributed to CGH per the DSA and (iii) \$1,209 for additional project development cost. All those costs were recorded at their historical amounts.

The Project Company began development of the Project during 2016 and achieved commercial operations on May 1, 2023. The Project Company secured all land rights, interconnection and transmission rights, and material permits (which are non-appealable) required for construction. The Project Company also executed multiple contracts, including, but not limited to, the following: the Operation and Maintenance Agreement (OMA), Purchase of Power Generation Equipment and Related Services (ESA), the Assignment, Assumption and Consent Agreement, Contractual Service Agreement (CSA), Firm Gas Transportation Agreements (GTA), Contracts for the Sale and Purchase of Natural Gas (GSA), and the Engineering Procurement and Construction Contract (EPC) (note 8).

On August 29, 2019, the Company along with its owners entered into an Equity Contribution Agreement and Guarantee (ECCA) that established guarantees to provide additional funding for the project to reach completion. These contributions which ended on March 30, 2023, along with the Project Debt (note 5) were used to fund the construction of the Facility.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and reflects all adjustments, which the Company believes are necessary to fairly present the consolidated financial position, results of operations, and cash flows of the Company for the year ended December 31, 2024.

(b) Reclassifications and Immaterial Error Corrections

The Company identified immaterial errors in the presentation of unrealized gains and losses in previously issued financial statements that have been corrected.

(c) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

(d) Accounts Receivable and Revenue Recognition

Accounts receivable primarily consist of receivables from PJM Interconnection, LLC (PJM) for capacity, energy, and ancillary services payments. The Company also has receivables from sales from commodity contracts. The Company earns merchant revenue for incremental capacity, energy, and ancillary services provided to PJM. Merchant capacity, energy, and ancillary services revenue is recorded as electricity sales at the end of each operating period based upon energy delivered and services provided during the period.

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In the normal course of business, the Company has future performance obligations for capacity sales awarded through market-based capacity auctions and (or) for capacity sales under bilateral contractual arrangements.

The PJM Base Residual Auction (BRA) for the 2025/2026 PJM Capacity Year was held in July 2024. The Company cleared a total of 1,395 MW at a clearing price of \$269.92 per MW-day for the PJM RTO locational delivery areas.

As of December 31, 2024, the expected future period capacity revenues subject to unsatisfied or partially unsatisfied performance obligations were:

	2025	2026
Expected capacity revenues	\$ 73,797	47,272

The PJM BRA for delivery year 2026/2027 was held in July 2025. The Company cleared a total of 1,323 MW at a clearing price of \$329.17 per MW-day.

The Company's revenue includes sales from commodity contracts with Large Creditworthy Financial Institutions (collectively known as Power Swaps), that are accounted for under ASC 815, Derivatives and Hedging (ASC 815). Revenue from commodity contracts primarily relates to forward sales of commodities merchant energy prices, which are accounted for as derivatives at fair value under ASC 815. These forward sales meet the definition of a derivative under ASC 815 as they have an underlying (e.g. the price of gas), a notional amount (e.g. tons), no initial net investment and can be net settled since the commodity is readily convertible to cash. Revenue from commodity contracts is recognized in Electricity sales for the contracted amount when the contracts are settled at a point in time by transferring control of the commodity to the customer, similarly to revenue recognized from contracts with customers under ASC 606. From inception through settlement, these forward sales arrangements are recorded at fair value under ASC 815 with unrealized gains and losses recognized in the respective statement of operations caption and carried on the consolidated balance sheet as assets or liabilities (see Note 6: Derivative Instruments and Hedging Activities), respectively. Further information about the fair value of these contracts is presented in Note 4: Fair Value Measurements.

The following table represents merchant capacity, energy, ancillary services sales, realized and unrealized gain (loss) on commodity contracts at December 31, 2024.

	2024
Contracts earned under 606:	
Capacity	\$ 18,523
Energy	345,307
Ancillary sales	5,862
Contracts earned under 815:	
Realized gain (loss) on derivative instruments	20,732
Unrealized gain (loss) on derivative instruments	(26,089)
	\$ 364,335

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(e) Cash and Cash Equivalents

The Company considers all liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount of these instruments approximates fair value because of their short-term maturity.

(f) Restricted Cash

Restricted cash and investments are short term in nature and are specifically designated for the Company's obligations, as defined in the Project Debt footnote (note 5). Restricted cash represents amounts that are required to be maintained in separate accounts in connection with the Project Debt, significant scheduled construction requirements, and for other general purposes.

All funds are held in highly rated money market accounts, and the carrying value approximates fair value as of December 31, 2024.

(g) Income Taxes

The Company and the Project Company are each disregarded entities for tax purposes. Accordingly, any effect of income taxes is recognized at their indirect parent.

(h) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and member's capital and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, and allocation of profits and losses during the reporting period. Actual results could differ from those estimates. The Company is unaware of any change of conditions or situations that would cause any material change in estimates used to prepare the consolidated financial statements.

(i) Leases

The Company accounts for leases in accordance with Topic 842. The Company reviews its arrangements at contract inception to determine if it is or contains a lease. As of December 31, 2024 the Company has not entered into any material leases.

(j) Asset Retirement Obligations

The Company has no legal or constructive obligations related to the closure of the Facility, and accordingly, no asset retirement obligation is recorded in the consolidated financial statements.

(k) Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, and purchased intangibles that are subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are not depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

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(l) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts payable, accrued liabilities, other long-term liabilities and amounts due to related parties approximated fair value as of December 31, 2024 because of the relatively short-term maturity of these instruments. The fair value of debt instruments is disclosed in note 4.

(m) Deferred Financing Costs and Amortization Expense

Deferred financing costs represent costs related to the issuance of the Project Debt (note 5) and are amortized using the effective-interest method over the term of the Notes. Deferred financing costs have been netted against Project Debt, which at December 31, 2024 consist of the following:

		2024
Gross carrying amount	\$	32,120
Accumulated amortization		(18,491)
Balance at end of year	\$	13,629

For the year ended December 31, 2024, the Company incurred amortization expense of \$4,815, which was expensed on the consolidated statement of operations.

(n) Derivative and Hedging Activities

The Company recognizes derivative instruments as either assets or liabilities in the consolidated balance sheets at their respective fair values unless they qualify for the normal purchase-normal sale exemption. These instruments are reported gross on the Company's balance sheet. The Company uses derivative instruments to manage its exposure to interest rate risk and merchant power price risk and does not hold or issue derivatives for speculative or trading purposes.

The Company did not elect hedge accounting from inception for all its derivatives. The Company carries the derivatives at their fair value on the consolidated balance sheets and recognizes any subsequent changes in their fair value in earnings.

(o) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable, which are concentrated within the energy industry and derivative financial instruments with large creditworthy financial institutions. These industry concentrations may impact the Company's overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. Receivables and other contractual arrangements are subject to collateral requirements under the terms of enabling agreements. However, the Company believes that the credit risk posed by industry concentration is offset by the diversification and creditworthiness of its potential customer base. As of December 31, 2024, substantially all the Company's revenue and accounts receivable is with one counterparty.

(p) Property, Plant, and Equipment, Net

The Company's property, plant, and equipment are stated at cost net of accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of the related assets.

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The following table provides the depreciable lives used for each asset class:

Balance of plant	30 Years
Buildings and other assets	5–25 Years

(q) Materials and Supplies

Materials and supplies in the amount of \$1,090 as of December 31, 2024, are stated at the lower of the average cost or net realizable value. The Material and Supplies are included in Prepaid Expenses and Other Assets on the Company's consolidated balance sheet.

(r) Interest Expense

Interest payments are reported as interest expense on the consolidated statements of operations. Total interest expense was \$59,942 as of December 31, 2024. Interest expense includes interest on debt, commitment fees, interest rate swap settlements, and corresponding changes in fair value. The interest rate swaps are derivative financial instruments and are recorded on the consolidated balance sheets at fair value.

(3) Property, Plant, and Equipment, Net

Property, plant and equipment, net at December 31, 2024 consist of the following:

	2024
Plant and equipment in service	\$ 1,462,045
Less accumulated depreciation	(81,122)
Total	\$ 1,380,923

Depreciation expense was \$48,673 for the year ended December 31, 2024.

(4) Fair Value Measurement

ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 are summarized below under the three-level hierarchy established by ASC Topic 820, which defines the levels within the hierarchy as follows:

- Level 1 – assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date
- Level 2 – assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date
- Level 3 – assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date.

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The following tables set forth by level within the fair value hierarchy the financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2024. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the fair value of assets and liabilities and their placement within the fair value hierarchy levels, as follows:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Derivative asset:				
Revenue Put	\$ —	—	488	488
Power Swaps	—	—	40	40
Interest rate swaps	—	49,118	—	49,118
Total	\$ —	49,118	528	49,646
Derivative liabilities:				
Power Swaps	\$ —	—	24,887	24,887
Total	\$ —	—	24,887	24,887

The valuation techniques used to measure the fair value of the Level 2 Interest Rate Swaps above in which the counterparties have high credit ratings were derived using the income approach from discounted cash flow pricing models, with all significant inputs derived from or corroborated by observable market data. The Company's discounted cash flow techniques use observable market inputs, such as LIBOR-based yield curves in the past and SOFR-based yield curves going forward.

The Power swaps referenced above have been designated as Level 3 derivative financial instruments due to their illiquidity. The power node in which the Company delivers energy has no broker or InterContinental Exchange quotes available, no bid/ask from brokers and no information on where broker last saw inter and intra-market spreads and their knowledge of year-on-year calendar spreads. The power node prices for the Company are derived by assessing more liquid zones for correlation, basis in the Fixed Transmission Rights market, and forward projections based on historical assessment. The power swaps have been entered into with counterparties with high credit ratings.

The Revenue Put referenced above have been designated as a Level 3 derivative financial instrument due to its illiquidity.

(a) Additional Information Regarding Level 3 Measurements

For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations for contracts with tenors that extend into periods with no observable pricing. The Company would include the Revenue Put, which, given the inputs listed below, would have a

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direct impact on the fair value if they were adjusted. For the year ended December 31, 2024, the significant unobservable inputs used in the fair value measurement of the Revenue Put Option are as follows:

Level 3 financial instruments	Significant unobservable inputs by valuation technique	Range of significant unobservable inputs as of December 31, 2024
Revenue Put	Power Price	\$45.71/MWh
	Gas Price	\$2.978/MMBTU
	Power Volatility	45%
	Gas Volatility	28%
Power Swap	Power Price	\$42.318/MWh to 269.92/MWh

The following table presents the activity for the Revenue Put Option for the year ended December 31, 2024:

	2024
Gross carrying amount at the beginning of the year	\$ 1,328
Unrealized (loss) on revenue put	(840)
Balance at end of year, net	\$ 488

(b) Valuation Techniques

The fair value measurement accounting guidance describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach, (2) income approach, and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on current market expectations of the return on those future amounts.

The Company measures its interest rate swaps, power derivatives and revenue put at fair value on a recurring basis. The fair value of its interest rate swap derivatives is determined using the income approach by a third-party service provider. The service provider utilizes a standard model and observable inputs to estimate the fair value of the interest rate swaps. The Company performs analytical procedures and makes comparisons to other third-party information in order to assess the reasonableness of the fair value. The fair value of its Revenue Put Option is determined using the income approach based on externally developed models and methodologies utilizing significant inputs that are less readily observable from objective sources. The Company performs analytical procedures and makes comparisons to third-party information when available in order to assess the reasonableness of the fair value.

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(5) Long-Term Debt

The Company's long-term debt is nonrecourse to the Member, which includes the following terms:

	<u>2024</u>	<u>Maturity date</u>	<u>Rate</u>	<u>Payments</u>	<u>Fair market value as of 2024</u>
Project Debt	\$ 843,939	October 31, 2027	Various	Quarterly (Mar 31, Jun 30, Sept 30, Dec 31)	\$ 843,939
Subtotal	<u>843,939</u>				<u>\$ 843,939</u>
Deferred financing costs	(13,629)				
Less current portion	<u>(54,798)</u>				
Long-term debt – long term	<u>\$ 775,512</u>				

On August 29, 2019, the Company entered into a \$950 million floating rate Construction and Term Loan Facility (CT Loan) to finance the construction of the Project and a \$125 million Revolving Credit/Letter of Credit Facility (RCF) (collectively known as the Project Debt). The Project Debt did not require principal repayments until the time it was converted from construction loan to term loan.

On May 5, 2023, the Project Debt was converted from a construction loan to a term loan. At such time all terms and requirements under the term loan became effective. On June 4, 2023, the Company amended the Project Debt documents to reference SOFR and remove LIBOR.

The RCF has two primary uses: (i) to issue letters of credit and (ii) make working capital loans. Any working capital loans drawn require interest payments at SOFR +351 bps that must be fully repaid for five consecutive days during a twelve month period ("WC Clean Up"). Repayments of working capital loans may be borrowed again after the WC Clean Up is satisfied. As of December 31, 2024, there were no draws against the RCF.

The Project Debt agreements contain certain restrictive covenants that, among other things, limit the Company's ability to incur additional indebtedness, maintain reserve accounts, make distributions, and the requirement to hedge the majority of interest rate risk. The Project Debt was being drawn, subject to the satisfaction of certain conditions precedent, on a monthly basis during the available draw period.

The annual maturities of the long-term Project Debt based on schedule of targeted principal payments are as follows:

Year ending December 31	
2025	\$ 54,798
2026	50,896
2027	<u>738,245</u>
	<u>\$ 843,939</u>

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(6) Derivative Instruments and Hedging Activities

The Company uses interest rate derivative instruments to manage its exposure to changes in the interest rate on its variable rate debt instruments. In addition, from time to time the Company uses power swaps and a revenue put to manage its merchant power price risk.

By using derivative financial instruments to hedge exposures to changes in interest rates and fluctuating power prices the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty, and therefore, the Company is not exposed to the counterparty's credit risk in those circumstances. The Company minimizes counterparty credit risk in derivative instruments by entering transactions with high quality counterparties.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates or merchant power prices. The market risk associated with interest rate contracts and power swap contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

The tables listed below provide a reconciliation of the beginning and ending net balances for the derivative instruments measured at fair value. All interest rate swaps are classified as Level 2 in the fair value hierarchy and all power swaps are classified as Level 3 in the fair value hierarchy:

	Year ended December 31, 2024			
	Interest rate derivatives (Level 2)	Power derivatives (Level 3)	Revenue Put (Level 3)	Total derivatives
Realized and unrealized gains (losses):				
Settlements	\$ 29,923	20,732	—	50,655
Fair value adjustments	(9,201)	(25,249)	(840)	(35,290)
Total gains (losses)	\$ 20,722	(4,517)	(840)	15,365
Statement of operations recognition:				
Revenue	\$ —	(4,517)	(840)	(5,357)
Interest expense	20,722	—	—	20,722
Total gains (losses)	\$ 20,722	(4,517)	(840)	15,365

For the year ended December 31, 2024 the Company received \$29,923 of interest swap settlements, which were recognized on the consolidated statement of operations.

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The following table summarizes the fair value within the derivative instruments valuation on the consolidated balance sheets as of December 31, 2024:

Derivatives	Fair value December 31 2024
Balance sheet location:	
Derivatives not designated as hedging instruments:	
Current assets	\$ 20,017
Noncurrent assets	29,629
Current liabilities	(14,221)
Non current liabilities	(10,666)
Total derivatives not designated as hedging instruments	\$ 24,759

(a) Interest Rate Swaps

On August 29, 2019, the Company entered into four interest rate swap agreements, each with the same terms, which are the forecasted interest payments for 75% of the expected outstanding Project Debt under the credit facility. The interest rate swaps are in effect from June 30, 2021, to October 31, 2027 and effectively convert the floating rate of the Project Debt to a fixed interest rate. The interest rate swaps are derivative financial instruments and are recorded on the consolidated balance sheets at fair value. The following table summarizes the interest rate swap rates:

	Period 6/30/2021 – 9/29/2023	Period 9/29/2023 – term
Institution:		
Credit Agricole	1.441 %	1.226 %
Societe Generale	1.441 %	1.211 %
Nomura	1.441 %	1.218 %
Investec	1.441 %	1.228 %

(b) Commodity Derivatives

During 2024 the Company entered into various Commodity Swap Transactions. These swaps lock in various fixed pricing of the Projects output. The notional volume of the Company's open derivative transactions is 2,151,590 MWH's for the year ended December 31, 2024. The commodity swaps are derivative financial instruments and are recorded on the consolidated balance sheets at fair value.

The Company also executed a Revenue Put, on August 29, 2019 with Morgan Stanley Capital Group (Morgan Stanley), who was paid a one-time \$35,000 option premium in exchange for a revenue guarantee of \$26,000 in annual energy margin of 500 megawatts (MW) for the five annual periods starting on September 1, 2022. At the end of each quarter, a proxy energy margin for 500 MW of capability is calculated based upon a defined PJM proxy power price less calculated operating costs based on a proxy gas price index applied to a theoretical plant heat rate with defined O&M cost adders. If the quarterly calculated energy margin is less than \$6,500, Morgan Stanley pays the Company the shortfall amount. At the end of

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each annual period the quarterly payments are trued up so that Morgan Stanley meets but does not exceed the \$26,000 annual energy margin for that period. The Company is not required to pay Morgan Stanley any excess revenue with the exception of reimbursement of the amount that the sum of the quarterly payments exceeds the \$26,000 annual revenue strike. The initial one-time payment was classified as a long term derivative asset on the accompanying balance sheet. For the year ended December 31, 2024, the Company recorded an unrealized loss in the consolidated statement of operations of \$840, related to the Revenue Put.

(7) Related Parties

(a) Administrative Management Agreement (AMA)

The Company executed an AMA with Caithness Guernsey Administrative Management, LLC on August 29, 2019 to act as an independent contractor who will perform operational management and general administrative services. The services and fees under the AMA, began on August 1, 2022 and continue throughout operations of the Project. The Company will pay an annual fee of \$3,000 for performance under the AMA, with the monthly fee subject to annual increases based on the Consumer Price Index increase for the immediately preceding 12-month period. For the year ended December 31, 2024, the Company incurred \$3,594 which was expensed in general administrative expenses.

(b) Amounts Due From and Due To Related Parties

Amounts due to related parties pertain to payments of normal course of business expenses paid on behalf of the Company and intercompany loans. The amounts due to related parties as of December 31, 2024 are comprised of the following:

		2024
Caithness Services, LLC	\$	5
Caithness Energy, LLC		95
	\$	100

(8) Commitments and Contingencies

The Company routinely obtains Lines of Credit (LOCs) to satisfy the obligations for various requirements. The table below summarizes the LOC outstanding as of December 31, 2024:

	2024	
Fee description	LOC amount	Fee percentage
Capacity hedges LOC	\$ 18,608	3.25 %
Rex Gas Transportation LOC	3,075	3.25 %
DSR LOC	57,000	3.25 %

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The table below summarizes the Company's commitment fee as of December 31, 2024:

Fee description	2024	
	Committed amount	Fee percentage
Working capital facility commitment fee	\$ 46,318	0.6250 %

The Company also pays a .125% fronting fee associated with the LOCs. For the year ended December 31, 2024, the LOCs and commitment fees were \$2,746 which was included in interest expense on the statement of operations.

(a) Operation and Maintenance Agreement (OMA)

On May 13, 2019, the Company entered into an OMA with Ethos Energy Power Plant Services, LLC (EEP), which provides for the operation and maintenance of the Facility. Prior to COD, EEP performed all the necessary services to bring the Facility to commercial operations (the Mobilization Phase), including recruiting and staffing, budgeting, developing and administering necessary operations programs, and all other services needed to assist the Company with accepting the Facility from the EPC contractor. Subsequent to the Mobilization Phase is the Operational Phase, where EEP provided appropriate staffing and performs the day-to-day operations, routine testing, maintenance, repair of the Facility, and other services required for electrical energy production. EEP will procure all goods, services, accessories, consumables, parts and equipment, as needed to perform their duties as operator and will receive payment for all payroll costs for on-site staffing as well as an annual fee to cover all costs to perform their duties as operator. The OMA is due to expire on the earlier of (i) 5 years after the Operational Phase, subject to extension upon mutual agreement of the Company and EEP and (ii) termination of the agreement by the Company or EEP. The terms of the OMA permit the Company to terminate the agreement at any time during the Operational Phase without cause upon giving 60 days' written notice to EEP.

Contract pricing under the terms of the OMA are as follows:

- Mobilization Phase: \$10 each month, plus reimbursement of payroll costs and other operating expenses
- Operational Phase: \$305 annual fee paid in 12 monthly installments, plus reimbursement of payroll costs and other operating expenses.

The OMA also provides for an annual performance adjustment, which if positive, will consist of a payment by the Company to EEP or if negative, will consist of a payment from EEP to the Company. The terms of the performance adjustment are as follows:

- Annual base amount of \$183, escalated.
- Consideration of Operator performance in Safety, Environmental and Budget compliance and Facility Availability (all as defined in the OMA).

For the year ended December 31, 2024, the fees incurred under the OMA were \$424.

(b) Contract for the Purchase of Power Generation Equipment and Related Services and the Assignment, Assumption and Consent Agreement

On January 31, 2019, the Company entered into the ESA with General Electric Company (GE) for the procurement, manufacture, fabrication, delivery, and supply of power train equipment for three power generation units (Power Blocks) for an approximately 1,875-megawatt combined cycle natural gas fired, electrical generating facility. Each delivered unit includes the gas turbine, heat recovery steam generator,

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(Dollars in thousands)

steam turbine and all necessary supporting equipment for installation and operation. The contract price for the ESA is approximately \$381,364, which was assigned to Gemma Power Systems, LLC (Gemma) under the Assignment, Assumption and Consent Agreement (AACCA) dated January 31, 2019 by and among the Company, Gemma and GE. Under the AACCA, Gemma assumes responsibility for GE's performance and stands in front of GE and the Company. Under the AACCA the Company retains certain rights and responsibilities such as the responsibility to make payments, and requires the Company to deposit amounts properly invoiced by GE into an escrow account. Gemma is responsible to release the funds from escrow to GE upon Gemma's agreement that the funds are due and owing. Under the AACCA the Company is indemnified in the event of a dispute over payments to GE as long as the Company made the escrow deposit.

GE was subject to liquidated damages (25% of contract price for delay, 15% of contract price for performance, cumulatively capped at 35% of the contract price) for failure to meet the guaranteed delivery dates set forth in the ESA. Liquidated Damages for delays in delivering drawings, Major Components (as defined in the agreement) and Minor Components are set forth in the agreement and may vary based on the duration of the delay subject to daily and cumulative caps. For example, liquidated damages for delays in delivery beyond 60 days for Major Components and Minor Components are \$90 and \$20 per day respectively and all delivery delay liquidated damages are capped at a maximum of \$270 per day. Since the ESA is assigned to Gemma, any liquidated damages owing by GE are paid to Gemma. Gemma may or may not have corresponding obligations to the Company for liquidated damages under the EPC agreement. GE continues to have performance requirements to the Company after the commercial operation date.

(c) Contractual Service Agreement (CSA)

On June 28, 2019, the Company entered into a CSA with General Electric International, Inc. (GEI), pursuant to which they will provide certain parts and services for the installed gas turbines, steam turbines generators, and other associated components of the turbines. The CSA will cover maintenance, repair of collateral damage, initial spare parts, monitoring systems, unscheduled outage obligations, non-hazardous clean-up and permits having to do with the installed turbines. The initial term of the contract is for 25 years.

The contract includes \$20,000 plus escalation paid over four annual payment dates, for the delivery of the initial spare parts. The first payment for the initial spare parts is due when the initial spare parts are received. The initial spare parts were received during 2024 and on October 31, 2024, the first payment of \$5,944 was made. The spare parts associated with the CSA are recorded in other long term assets on the accompanying balance sheets. The next contract payment of \$5,000, is included in accrued liabilities and the remaining two payments are included in other long term liabilities on the accompanying balance sheets.

In addition, there will be a monthly fixed fee of \$25 and variable fees of \$0.5 per gas turbine fired hour with an annual 2.5% escalation on both fees.

(d) Contracts for Sale and Purchase of Natural Gas and Firm Gas Transportation Agreements

On October 9, 2018 the Company entered into the GSA with Equinor Natural Gas, LLC (ENG), which was amended on June 2, 2019, July 8, 2019, July 26, 2019, and July 14, 2022 for the firm supply of up to 160,000 dekatherm (dth)/day of natural gas for a period covering 10 years from the in service date. ENG will have the option to decrease volumes beginning in year 6.

The Company must take full contract gas volumes every day. If all or a portion of the plant is in an Excused Outage, then the Company is excused from taking the amount of gas it cannot burn due to the Excused Outage.

On August 22, 2019 the Company entered into a GSA with Shell Energy North America (US), L.P. (SENA) for the firm supply of up to 80,000 dth/day of natural gas for a period of 5 years from the in service date. The

**GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY**
Notes to Consolidated Financial Statements
December 31, 2024
(Dollars in thousands)

Company must take full contract gas volumes every day but may reduce the volume during an Excused Outage. SENA will also schedule and balance gas supply under the Company's GTAs. The Company has determined that the price of gas in these contracts is a market price for gas in the location received. The Company has concluded that these long-term gas supply contracts are not derivatives as the price at which they purchase gas is the market price of gas at that location. If this was not a market price and these were derivatives the Company would apply the normal purchase normal sales exclusion as they are using the gas in their operations and do not anticipate any net settlements of gas.

On August 22, 2019, the Company entered into a Fuel Management Services Agreement (FMA) with Shell Energy North America (US), L.P. (SENA) for fuel management and consulting services for a period of 5 years from the in-service date. Under the FMA, the Company will pay SENA \$0.005 per dth for managing third-party supplied gas or approximately \$24 per month. On June 20, 2019, the Company entered into a Gas Transportation Agreement with Rockies Express Pipeline LLC (REX) for firm gas transportation of 240,000 dth/day for a period of 20 years from the in-service date. REX will transport gas from the pipeline receipt points in the Clarington production area to a delivery point at Aspire's metering station at the plant. Under the REX GTA, the Company will pay REX an annual demand charge of \$11,388 plus variable charges for gas actually transported for the Company.

On December 21, 2017, the Company entered into a Firm Transportation Service Agreement with Aspire Energy Express, LLC (Aspire) for firm gas transportation of 300,000 dth/day for a period of 10 years from the in-service date. Aspire built and will own and operate a metering station to receive gas from REX at the plant site and deliver it to the Company. Under the Aspire GTA, the Company will pay Aspire an annual demand charge of \$1,476.

(e) Turnkey, Engineering, Procurement and Construction Agreement (Switchyard EPC)

On August 9, 2019, the Company executed the Switchyard EPC with EPC Services Company, LLC for the design, engineering, procurement, and construction of a 765 kV switching station and generator tie line. The facility will use this switching station to interconnect with the American Electric Power (AEP) transmission system along the Kammer and Vassel 765 kV line. Full notice to proceed was issued under the Switchyard EPC on August 29, 2019. The Switchyard EPC contract cost was \$44,737, subject to change orders and was subject to payment by the Company with customary terms and conditions. On January 20, 2023, the Company transferred ownership of the Switchyard EPC to AEP for no consideration. The Company will continue to carry and depreciate these capitalized costs. This will have no effect on the Company's current or future financial statements.

(9) Subsequent Events

On July 17, 2025, Caithness Apex Guernsey, LLC, the sole owner of the Company entered into an agreement to sell 100% of their interest in the Company to an unrelated third party. The transaction will not have any impact on the financial position of the Company. Subsequent events have been evaluated and disclosed as required through the report issuance date of September 12, 2025.

GUERNSEY POWER HOLDINGS, LLC AND SUBSIDIARY

Interim Financial Statements

For the Three and Six Months Ended June 30, 2025

(Unaudited)

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For the Three and Six Months Ended June 30, 2025

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[KPMG LOGO]

KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Member
Guernsey Power Holdings, LLC and Subsidiary:

Results of Review of Condensed Consolidated Interim Financial Information

We have reviewed the condensed consolidated financial statements of Guernsey Power Holdings, LLC and Subsidiary and its subsidiary (the Company), which comprise the condensed consolidated balance sheet as of June 30, 2025, the related condensed consolidated statements of operations for the three-month and six-month periods ended June 30, 2025, and the related condensed consolidated statements of cash flows and changes in Member's Capital for the six-month periods ended June 30, 2025, and the related notes (collectively referred to as the condensed consolidated interim financial information).

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in accordance with U.S. generally accepted accounting principles.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of condensed consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed consolidated interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Condensed Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Consolidated Balance Sheet as of December 31, 2024

We have previously audited, in accordance with GAAS, the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operation, member's capital, and cash flow for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 7, 2025. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of December 31, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

/s/ KMPG LLP
Philadelphia, Pennsylvania
September 15, 2025

GUERNSEY POWER HOLDINGS, LLC

AND SUBSIDIARY

Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands)

	June 30, 2025		December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	\$ 1,662	\$	1,711
Restricted cash	21,696		10,936
Current portion of derivative assets	20,905		20,017
Accounts receivable	30,366		18,483
Prepaid expenses and other current assets	1,724		6,064
Total current assets	76,353		57,211
Long term portion of derivative assets	14,751		29,629
Property, plant & equipment	1,356,231		1,380,923
Land	23,474		23,474
Other assets	21,888		20,944
Total assets	\$ 1,492,697	\$	1,512,181
Liabilities and Members' Capital			
Current liabilities			
Accounts payable and accrued expenses	\$ 31,078	\$	24,527
Due to related party	134		100
Current portion of project loan and subordinated loan	55,514		54,798
Current portion of derivative liabilities	30,459		14,221
Total current liabilities	117,185		93,646
Other liabilities	5,000		10,000
Derivative liabilities	5,895		10,666
Project loan	749,519		775,512
Total liabilities	877,599		889,824
Members' capital	615,098		622,357
Total member's Capital	615,098		622,357
Total liabilities and members' capital	\$ 1,492,697	\$	1,512,181

The accompanying notes are an integral part of these condensed consolidated financial statements.

GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY
Condensed Consolidated Statement of Statements of Operations
(Unaudited)
(in thousands)

	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025
Revenue:			
Electricity sales	\$ 115,161	\$	246,762
Total revenue	115,161		246,762
Operating expenses:			
Fuel expenses	57,509		152,505
Plant operating expenses	7,523		14,376
General and administrative expense	1,532		2,623
Depreciation expense	12,167		24,336
Total operating expenses	78,731		193,840
Operating income	36,430		52,922
Other expenses:			
Interest expense	18,929		40,628
Deferred financing cost amortization expense	1,200		2,401
Total other expenses	20,129		43,029
Net income	\$ 16,301	\$	9,893

The accompanying notes are an integral part of these condensed consolidated financial statements.

GUERNSEY POWER HOLDINGS, LLC

AND SUBSIDIARY

Condensed Consolidated Statement of Changes in Member's Capital

(Unaudited)

(in thousands)

	Total Member's Capital
Member's capital at December 31, 2024	\$ <u>622,357</u>
Net income	9,893
Equity distributions	<u>(17,152)</u>
Member's capital at June 30, 2025	<u>\$ 615,098</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY
Condensed Consolidated Statement of Cash Flows
(Unaudited)
(in thousands)

		<u>Six Months Ended June 30, 2025</u>
Cash flows from operating activities:		
Net income	\$	9,893
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense		24,336
Deferred financing cost amortization expense		2,401
Unrealized loss on power swaps		6,017
Unrealized loss on gas swaps		2,173
Unrealized loss on interest rate swaps		17,267
Change in operating assets and liabilities:		
Accounts receivable		(11,883)
Prepaid and other assets		(1,604)
Accounts payable and accrued liabilities		6,550
Amounts due to related parties		34
Net cash provided by operating activities		<u>55,184</u>
Cash flows from investing activities:		
Capital expenditures		356
Net cash provided by investing activities		<u>356</u>
Cash flows from financing activities:		
Proceeds/repayment of project debt, net		(27,677)
Distributions to partners		(17,152)
Net cash used in financing activities		<u>(44,829)</u>
Net change in cash and cash equivalents		<u>10,711</u>
Cash, restricted cash and cash equivalents at beginning of year		<u>12,647</u>
Cash, restricted cash and cash equivalents at end of year	\$	<u><u>23,358</u></u>
Supplemental cash flow information:		
Cash paid for interest	\$	23,252

The accompanying notes are an integral part of these condensed consolidated financial statements.

GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) Organization and Operation of the Company

Guernsey Power Holdings, LLC (GPH or the Company) was formed on July 12, 2016, as a Delaware limited liability company, to act as a holding company for Guernsey Power Station, LLC (the Project Company), which was formed to develop, finance, construct, own, and operate a gas fired combined cycle power generation facility with a capacity of approximately 1,875 MW located in Guernsey County, Ohio (the Project or Facility). The Company is wholly owned by Caithness Apex Guernsey, LLC (Member), and is governed by a limited liability company agreement that contains customary industry terms.

On August 29, 2019, Caithness Guernsey Holdings, LLC (CGH) an indirect owner of the Company made non-cash contributions to the Company in an amount equal to \$19.8 million, which consisted of (i) \$16.7 million which represents the amount owed to CGH in accordance with the Project Development Loan and Development Service Agreement (DSA), which was deemed repaid in full at that time and (ii) \$2,000, which was a special distribution that was simultaneously contributed to CGH per the DSA and (iii) \$1.2 million for additional project development cost. All those costs were recorded at their historical amounts.

The Project Company began development of the Project during 2016 and achieved commercial operations on May 1, 2023. The Project Company secured all land rights, interconnection and transmission rights, and material permits (which are non appealable) required for construction. The Project Company also executed multiple contracts, including, but not limited to, the following: the Operation and Maintenance Agreement (OMA), Purchase of Power Generation Equipment and Related Services (ESA), the Assignment, Assumption and Consent Agreement, Contractual Service Agreement (CSA), Firm Gas Transportation Agreements (GTA) Contracts for the Sale and Purchase of Natural Gas (GSA), and the Engineering Procurement and Construction Contract (EPC) (note 8).

On August 29, 2019, the Company along with its owners entered into an Equity Contribution Agreement and Guarantee (ECCA) that established guarantees to provide additional funding for the project to reach completion. These contributions which ended on March 30, 2023, along with the Project Debt (note 5) were used to fund the construction of the Facility.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and reflects all adjustments, which the Company believes are necessary to fairly present the financial position, results of operations, and cash flows of the Company for the three and six months ended June 30, 2025.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

(c) Accounts Receivable and Revenue Recognition

Accounts receivable consists of receivables from PJM Interconnection, LLC (PJM) for capacity, energy, and ancillary services payments. The Company earns merchant revenue for incremental capacity, energy, and ancillary services provided to PJM. Merchant capacity, energy, and ancillary services revenue is recorded as electricity sales at the end of each operating period based upon energy delivered and services provided during the period.

GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY
Notes to Condensed Consolidated Financial Statements
(Unaudited)

In the normal course of business, the Company has future performance obligations for capacity sales awarded through market-based capacity auctions and (or) for capacity sales under bilateral contractual arrangements.

The PJM Base Residual Auction (BRA) for the 2025/2026 PJM Capacity Year was held in July 2024. The Company cleared a total of 1,395 MW at a clearing price of \$269.92 per MW-day for the PJM RTO locational delivery areas.

As of June 30, 2025, the expected future period capacity revenues subject to unsatisfied or partially unsatisfied performance obligations were:

		2025		2026
Expected capacity revenues	\$	57,987	\$	47,272

The PJM BRA for delivery year 2026/2027 was held in July 2025. The Company cleared a total of 1,323 MW at a clearing price of \$329.17 per MW-day.

The Company's revenue includes sales from commodity contracts with Large Creditworthy Financial Institutions (collectively known as Power Swaps), that are accounted for under ASC 815, Derivatives and Hedging (ASC 815). Revenue from commodity contracts primarily relates to forward sales of commodities merchant energy prices, which are accounted for as derivatives at fair value under ASC 815. These forward sales meet the definition of a derivative under ASC 815 as they have an underlying (e.g. the price of gas), a notional amount (e.g. tons), no initial net investment and can be net settled since the commodity is readily convertible to cash. Revenue from commodity contracts is recognized in Electricity sales for the contracted amount when the contracts are settled at a point in time by transferring control of the commodity to the customer, similarly to revenue recognized from contracts with customers under ASC 606. From inception through settlement, these forward sales arrangements are recorded at fair value under ASC 815 with unrealized gains and losses recognized in the respective statement of operations and carried on the consolidated balance sheet as assets or liabilities (see Note 6: Derivative Instruments and Hedging Activities), respectively. Further information about the fair value of these contracts is presented in Note 4: Fair Value Measurements.

The following table represents merchant capacity, energy, settlement of power swaps, and ancillary services for the three and six months ended June 30, 2025.

		Three Month Ended June 30, 2025		Six Months Ended June 30, 2025
Contracts earned under 606:				
Capacity	\$	12,650	\$	16,771
Energy		86,940		235,217
Ancillary sales		572		1,898
Contracts earned under 815:				
Realized gain (loss) on derivative instruments		1,573		(1,107)
Unrealized gain (loss) on derivative instruments		13,426		(6,017)
	\$	115,161	\$	246,762

GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(d) Project Development Costs

Project development costs, which include permitting, preconstruction, construction, and administrative costs, directly attributable to the Project are being capitalized and began depreciating over their estimated useful lives using the straight-line method once production commences.

(e) Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount of these instruments approximates fair value because of their short-term maturity.

(f) Restricted Cash

Restricted cash and investments are short term in nature and are specifically designated for the Company's obligations, as defined in the Project Debt footnote (Note 5). Restricted cash represents amounts that are required to be maintained in separate accounts in connection with the Project Debt, significant scheduled construction requirements, and for other general purposes.

All funds are held in highly rated money market accounts, and the carrying value approximates fair value as of June 30, 2025.

(g) Income Taxes

The Company and the Project Company are each disregarded entities for tax purposes. Accordingly, any effect of income taxes is recognized at their indirect parent.

(h) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and member's capital and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and allocation of profits and losses during the reporting period. Actual results could differ from those estimates. The Company is unaware of any change of conditions or situations that would cause any material change in estimates used to prepare the financial statements.

(i) Leases

The Company accounts for leases in accordance with Topic 842. The Company reviews its arrangements at contract inception to determine if it is or contains a lease. As of June 30, 2025 and December 31, 2024 the Company has not entered into any material leases.

(j) Asset Retirement Obligations

The Company has no legal, constructive, or regulatory obligations related to the closure of the Facility, and accordingly, no asset retirement obligation is recorded in the financial statements.

GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(k) Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds fair value of the asset. Assets to be disposed of would be separately presented in the balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the balance sheets.

(l) Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for cash and cash equivalents, restricted cash, accounts payable, and other liabilities approximate their respective fair values due to their short-term maturities. The fair value of the Company's long-term debt is estimated based on quoted market prices for the same or similar issues and the current rates offered to the Company for debt with the same remaining maturities. The carrying value of the Company's debt approximates fair market value due to the variable nature of the interest rate.

(m) Deferred Financing Costs

Deferred financing costs represent costs to obtain long-term financing and are amortized using the effective-interest method over the term of the related debt. Deferred financing costs have been netted against long-term project debt (Note 5) and at June 30, 2025 consist of the following:

		<u>June 30, 2025</u>		<u>December 31, 2024</u>
Gross carrying amount	\$	22,378	\$	32,120
Accumulated amortization		<u>(11,149)</u>		<u>(18,491)</u>
Balance at end of period	\$	<u>11,229</u>	\$	<u>13,629</u>

The related amortization expense for the three and six months ended June 30, 2025 was \$1.2 million and \$2.4 million, respectively.

(n) Derivative and Hedging Activities

The Company recognizes derivative instruments as either assets or liabilities in the balance sheet at their respective fair values, unless they qualify for the normal purchase-normal sale exception. These instruments are reported gross on the Company's balance sheet. The Company uses derivative instruments to manage its exposure to interest rate risk and merchant power price risk and does not hold or issue derivative instruments for speculative or trading purposes.

The Company did not elect hedge accounting for all of its derivatives. The Company carries the derivatives at their fair value on the balance sheet and recognizes any subsequent changes in their fair value in earnings.

GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(o) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of accounts receivable, which are concentrated within the energy industry and derivative financial instruments with large creditworthy financial institutions. These industry concentrations may impact the Company's overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. Receivables and other contractual arrangements are subject to collateral requirements under the terms of enabling agreements. However, the Company believes that the credit risk posed by industry concentration is offset by the diversification and creditworthiness of its customer base. As of June 30, 2025, substantially all the Company's revenue and accounts receivable is with one counterparty.

(p) Property, Plant, and Equipment, Net

The Company's property, plant, and equipment are stated at cost net of accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of the related assets.

The following table provides the depreciable lives used for each asset class:

Balance of plant	30 years
Buildings and other assets	5-25 years

(q) Materials and Supplies

Materials and supplies in the amount of \$1.2 million and \$1.1 million as of June 30, 2025 and December 31, 2024, respectively, is stated at the lower of the average cost or net realizable value. The material and supplies are included in prepaid expenses and other assets on the Company's consolidated balance sheet.

(r) Interest Expense

Interest payments are reported as interest expense on the statements of operations. Total interest expense was \$18.9 million and \$40.6 million for the three and six months ended June 30, 2025, respectively. Interest expense includes interest on debt, interest rate swap settlements and corresponding changes in fair value.

(3) Property, Plant, and Equipment, Net

Property, plant, and equipment, net at June 30, 2025 consists of the following:

		June 30, 2025		December 31, 2024
Plant and equipment in service	\$	1,460,689	\$	1,462,045
Work in process		999		-
Total		1,461,688		1,462,045
Less: accumulated depreciation		(105,457)		(81,122)
Total property, plant, and equipment, net	\$	1,356,231	\$	1,380,923

Depreciation expense was \$12.2 million and \$24.3 million for the three and six months ended June 30, 2025, respectively.

GUERNSEY POWER HOLDINGS, LLC
AND SUBSIDIARY
Notes to Condensed Consolidated Financial Statements
(Unaudited)

(4) Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 and December 31, 2024 are summarized below under the three-level hierarchy established by ASC Topic 820, which defines the levels within the hierarchy as follows:

- Level 1 – Consists of assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date. The Company holds no assets or liabilities that meet the definition of level 1.
- Level 2 – Consists of assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date
- Level 3 – Consists of assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date.

The following tables set forth by level within the fair value hierarchy the financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2025 and December 31, 2024. These financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the fair value of assets and liabilities and their placement within the fair value hierarchy levels, as follows:

		June 30, 2025			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative assets:					
Revenue put	\$	-	-	2,345	\$ 2,345
Power swap		-	-	1,434	1,434
Gas swap		-	27	-	27
Interest rate swap		-	31,850	-	31,850
Total assets measured at fair value	\$	<u>-</u>	<u>\$ 31,877</u>	<u>\$ 3,779</u>	<u>\$ 35,656</u>
Derivative liabilities:					
Power swap	\$	-	-	34,154	\$ 34,154
Gas swap		-	2,200	-	2,200
Total liabilities measured at fair value	\$	<u>-</u>	<u>\$ 2,200</u>	<u>\$ 34,154</u>	<u>\$ 36,354</u>

GUERNSEY POWER HOLDINGS, LLC
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Notes to Condensed Consolidated Financial Statements
(Unaudited)

		December 31, 2024			
		Level 1	Level 2	Level 3	Total
Derivative assets:					
Revenue put	\$	-	-	488	\$ 488
Power swap		-	-	40	40
Interest rate swap		-	49,118	-	49,118
Total assets measured at fair value	\$	-	\$ 49,118	\$ 528	\$ 49,646
Derivative liabilities:					
Power swap	\$	-	-	24,887	\$ 24,887
Total liabilities measured at fair value	\$	-	-	\$ 24,887	\$ 24,887

The valuation techniques used to measure the fair value of the Level 2 Interest Rate Swaps above in which the counterparties have high credit ratings were derived using the income approach from discounted cash flow pricing models, with all significant inputs derived from or corroborated by observable market data. The Company's discounted cash flow techniques use observable market inputs, such as LIBOR-based yield curves in the past and SOFR-based yield curves going forward.

The gas swaps referenced above have been designated as Level 2 derivative financial instruments. The valuation of these instruments is based on the income approach using discounted cash flow pricing models that incorporate observable market inputs such as forward natural gas prices, basis differentials, and broker quotations for similar contracts in active markets. These inputs are corroborated by market data, and the counterparties to the gas swaps have high credit ratings.

The Power swaps referenced above have been designated as Level 3 derivative financial instruments due to their illiquidity. Level 1 and Level 2 power swaps are designated as such when delivering to a liquid power node. The power node in which the Company delivers energy has no broker or InterContinental Exchange quotes available, no bid/ask from brokers and no information on where broker last saw inter and intra-market spreads and their knowledge of year-on-year calendar spreads. The power node prices for the Company are derived by assessing more liquid zones for correlation, basis in the Fixed Transmission Rights market, and forward projections based on historical assessment. The power swaps have been entered into with counterparties with high credit ratings.

The Revenue Put referenced above has been designated as a Level 3 derivative financial instrument due to its illiquidity.

(a) Additional Information Regarding Level 3 Measurements

For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations for contracts with tenors that extend into periods with no observable pricing. The Company would include the Revenue Put, which, given the inputs listed below, would have a direct impact on the fair value if they were adjusted. The significant unobservable inputs used in the fair value measurement of the Revenue Put Option and Power Swaps as of June 30, 2025 and December 31, 2024 are as follows:

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Level 3 Financial Instruments	Significant Unobservable Inputs by Valuation Technique	Range of Significant Unobservable Inputs	
		June 30, 2025	December 31, 2024
Revenue Put	Power Price	\$49.18/MWh	\$45.71/MWh
	Gas Price	\$3.085/MMBTU	\$2.978/MMBTU
	Power Volatility	45%	45%
	Gas Volatility	25%	28%
Power Swap	Power Price	\$42.879/MWh to \$269.92/MWh	\$42.318/MWh to \$269.92/MWh

The following table presents the activity for the Revenue Put Option for the period ended June 30, 2025:

	<u>2025</u>
Balance at beginning of period, net	\$ 488
Unrealized gain on revenue put	1,857
Balance at end of period, net	<u>\$ 2,345</u>

The following table presents the activity for the Power Swaps for the period ended June 30, 2025:

	<u>2025</u>
Balance at beginning of period, net	\$ (24,847)
Unrealized loss on power swaps	(7,873)
Balance at end of period, net	<u>\$ (32,720)</u>

(b) Valuation Techniques

The fair value measurement accounting guidance describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach, (2) income approach, and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on current market expectations of the return on those future amounts.

The Company measures its interest rate swaps, power derivatives, gas swaps, and revenue put at fair value on a recurring basis. The fair value of its interest rate swap derivatives is determined using the income approach by a third-party service provider. The service provider utilizes a standard model and observable inputs to estimate the fair value of the interest rate swaps. The Company performs analytical procedures and makes comparisons to other third-party information in order to assess the reasonableness of the fair value.

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The fair value of the Company’s gas swap derivatives is also determined using the income approach by a third-party service provider. The service provider applies a discounted cash flow methodology that incorporates observable market inputs such as forward natural gas prices, basis differentials, and broker quotations. The Company performs analytical procedures and compares results to available market data to evaluate the reasonableness of the fair value.

The fair value of its Revenue Put Option is determined using the income approach based on externally developed models and methodologies utilizing significant inputs that are less readily observable from objective sources. The Company performs analytical procedures and makes comparisons to third-party information when available in order to assess the reasonableness of the fair value.

(5) Long-Term Debt

The Company’s long-term debt is nonrecourse to the Member, which includes the following terms:

	<u>June 30, 2025</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Payments</u>	<u>Fair Market Value as of June 30, 2025</u>
Term loan facility	\$ 816,262	October 31, 2027	Various	Quarterly (Mar 31, Jun 30, Sept 30, Dec 31)	\$ 816,463
Total outstanding balance	<u>816,262</u>				<u>\$ 816,463</u>
Less: deferred financing costs (net)	(11,229)				
Less: current portion of project loan	<u>(55,514)</u>				
Total project loan	<u>\$ 749,519</u>				

	<u>December 31, 2024</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Payments</u>	<u>Fair Market Value as of December 31, 2024</u>
Term loan facility	\$ 843,939	October 31, 2027	Various	Quarterly (Mar 31, Jun 30, Sept 30, Dec 31)	\$ 843,939
Total outstanding balance	<u>843,939</u>				<u>\$ 843,939</u>
Less: deferred financing costs (net)	(13,629)				
Less: current portion of project loan	<u>(54,798)</u>				
Total project loan	<u>\$ 775,512</u>				

On August 29, 2019, the Company entered into a \$950.0 million floating rate Construction and Term Loan Facility (CT Loan) to finance the construction of the Project and a \$125.0 million Revolving Credit/Letter of Credit Facility (RCF) (collectively known as the Project Debt). The Project Debt did not require principal repayments until the time it was converted from construction loan to term loan.

On May 5, 2023, the Project Debt was converted from a construction loan to a term loan. At such time all terms and requirements under the term loan became effective. On June 4, 2023, the Company amended the Project Debt documents to reference SOFR and remove LIBOR.

The RCF has two primary uses: (i) to issue letters of credit and (ii) make working capital loans. Any working capital loans drawn require interest payments at SOFR +351 bps that must be fully repaid for five consecutive days during a twelve month period (“WC Clean Up”). Repayments of working capital loans may be borrowed again after the WC Clean Up is satisfied. As of June 30, 2025, there were no draws against the RCF.

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The Project Debt agreements contains certain restrictive covenants that, among other things, limit the Company's ability to incur additional indebtedness, maintain reserve accounts, make distributions, and the requirement to hedge the majority of interest rate risk. The Project Debt was being drawn, subject to the satisfaction of certain conditions precedent, on a monthly basis during the available draw period.

The annual maturities of the long term Project Debt based on the schedule of targeted principal payments as of June 30, 2025 are as follows:

2025 (remaining six months)	\$	27,120
2026		50,896
2027		738,246
2028		-
2029		-
Thereafter		-
Total	\$	<u>816,262</u>

(6) Derivative Instruments and Hedging Activities

The Company uses interest rate derivative instruments to manage its exposure to changes in the interest rate on its variable rate debt instruments. In addition, from time to time the Company uses power swaps to manage its merchant power price risk.

By using derivative financial instruments to hedge exposures to changes in interest rates and fluctuating power prices the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty, and therefore, the Company is not exposed to the counterparty's credit risk in those circumstances. The Company minimizes counterparty credit risk in derivative instruments by entering transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates or merchant power prices. The market risk associated with interest-rate contracts and power swap contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

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The tables listed below provide a reconciliation of the beginning and ending net balances for the derivative instruments measured at fair value. All interest rate swaps are classified as Level 2 in the fair value hierarchy and all power swaps are classified as Level 3 in the fair value hierarchy:

Three Months Ended June 30, 2025					
	Gas Derivatives (Level 2)	Interest Rate Derivatives (Level 2)	Power Derivatives (Level 3)	Revenue Put (Level 3)	Total Derivatives
Realized and unrealized gains (losses):					
Settlements	\$ -	\$ 5,482	\$ 1,573	\$ -	\$ 7,055
Fair value adjustments	(2,064)	(7,065)	11,452	1,974	4,297
Total gains (losses)	\$ (2,064)	\$ (1,583)	\$ 13,025	\$ 1,974	\$ 11,352
Statement of operations recognition:					
Revenue	\$ -	\$ -	\$ 13,025	\$ 1,974	\$ 14,999
Fuel expense	(2,064)	-	-	-	(2,064)
Interest expense	-	(1,583)	-	-	(1,583)
Total gains (losses)	\$ (2,064)	\$ (1,583)	\$ 13,025	\$ 1,974	\$ 11,352

Six Months Ended June 30, 2025					
	Gas Derivatives (Level 2)	Interest Rate Derivatives (Level 2)	Power Derivatives (Level 3)	Revenue Put (Level 3)	Total Derivatives
Realized and unrealized gains (losses):					
Settlements	\$ (1,041)	\$ 11,055	\$ (1,107)	\$ -	\$ 8,907
Fair value adjustments	(2,173)	(17,267)	(7,873)	1,856	(25,457)
Total gains (losses)	\$ (3,214)	\$ (6,212)	\$ (8,980)	\$ 1,856	\$ (16,550)
Statement of operations recognition:					
Revenue	\$ -	\$ -	\$ (8,980)	\$ 1,856	\$ (7,124)
Fuel expense	(3,214)	-	-	-	(3,214)
Interest expense	-	(6,212)	-	-	(6,212)
Total gains (losses)	\$ (3,214)	\$ (6,212)	\$ (8,980)	\$ 1,856	\$ (16,550)

Three and six months ended June 30, 2025 the Company received \$5.5 million and \$11.1 million of interest swap settlements, which were recognized on the statement of operations.

(a) Interest Rate Swaps

On August 29, 2019, the Company entered into four interest rate swap agreements, each with the same terms, which are the forecasted interest payments for 75% of the expected outstanding Project Debt under the credit facility. The interest rate swaps are in effect from June 30, 2021, to October 31, 2027 and effectively convert the floating rate for the hedged portion of the Project Debt to a fixed interest rate. The interest rate swaps are derivative financial instruments and are recorded on the balance sheet at fair value. The following table summarizes the interest rate swap rates:

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	<u>Period 6/30/2021- 9/29/2023</u>	<u>Period 9/29/2023 - term</u>
Institution:		
Credit Agricole	1.441 %	1.226 %
Societe Generale	1.441 %	1.211 %
Nomura	1.441 %	1.218 %
Investec	1.441 %	1.228 %

The following table summarizes the fair value within the derivative instruments valuation on the consolidated balance sheets as of June 30, 2025 and December 31, 2024:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Balance sheet location:		
Derivatives not designated as hedging instruments:		
Current assets	\$ 20,905	\$ 20,017
Noncurrent assets	14,751	29,629
Current liabilities	(30,459)	(14,221)
Noncurrent liabilities	(5,895)	(10,666)
Total derivatives not designated as hedging instruments	<u>(698)</u>	<u>24,759</u>
Total derivatives	<u>\$ (698)</u>	<u>\$ 24,759</u>

(b) Commodity Derivatives

During 2023 and 2024 the Company entered into various Commodity Swap Transactions. These swaps lock in various fixed pricing of the Projects output. The notional volume of the Company's open derivative transactions is 8,791,200 MWH's as of June 30, 2025. The commodity swaps are derivative financial instruments and are recorded on the consolidated balance sheets at fair value.

The Company also executed a Revenue Put, on August 29, 2019 with Morgan Stanley Capital Group (Morgan Stanley), who was paid a one time \$35.0 million option premium in exchange for a revenue guarantee of \$26.0 million in annual energy margin of 500 megawatts (MW) for the five annual periods starting on September 1, 2022. At the end of each quarter, a proxy energy margin for 500 MW of capability is calculated based upon a defined PJM proxy power price less calculated operating costs based on a proxy gas price index applied to a theoretical plant heat rate with defined O&M cost adders. If the quarterly calculated energy margin is less than \$6,500, Morgan Stanley pays the Company the shortfall amount. At the end of each annual period the quarterly payments are trued up so that Morgan Stanley meets but does not exceed the \$26.0 million annual energy margin for that period. The Company is not required to pay Morgan Stanley any excess revenue with the exception of reimbursement of the amount that the sum of the quarterly payments exceeds the \$26.0 million annual revenue strike. The initial one time payment was classified as a long-term derivative asset on the accompanying balance sheet. For the three and six months ended June 30, 2025, the Company recorded an unrealized loss in the consolidated statement of operations of \$2.0 million and \$1.9 million, respectively, related to the Revenue Put.

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(7) Related Party Transactions

(a) Administrative Management Agreement (AMA)

The Company executed an AMA with Caithness Guernsey Administrative Management, LLC on August 29, 2019 to act as an independent contractor who will perform operational management and general administrative services. The services and fees under the AMA, began on August 1, 2022 and continue throughout operations of the Project. The Company will pay an annual fee of \$3.0 million for performance under the AMA, with the monthly fee subject to annual increases based on the Consumer Price Index increase for the immediately preceding 12-month period. For the three and six months ended June 30, 2025, the Company incurred \$0.9 million and 1.9 million, respectively, which was expensed in general administrative expenses on the condensed consolidated statement of operations.

(b) Amounts Due From and Due To Related Parties

Amounts due to related parties pertain to payments of normal course of business expenses paid on behalf of the Company and intercompany loans. The amounts due to related parties as of June 30, 2025 and December 31, 2024 are comprised of the following:

		June 30, 2025		December 31, 2024
Caithness Services, LLC	\$	5		5
Caithness Energy, LLC		129		95
	\$	134		100

(8) Commitment and Contingencies

The Company routinely obtains Lines of Credit (LOCs) to satisfy the obligations for various requirements. The table below summarizes the LOC outstanding as of June 30, 2025 and December 31, 2024:

Fee Description		June 30, 2025			December 31, 2024	
		LOC Amount	Fee Percentage		LOC Amount	Fee Percentage
Capacity Hedges LOC	\$	18,608	3.25 %	\$	18,608	3.25 %
Rex Gas Transportation LOC		3,075	3.25 %		3,075	3.25 %
DSR LOC		51,000	3.25 %		57,000	3.25 %

The table below summarizes the Company's commitment fee as of June 30, 2025 and December 31, 2024:

Fee Description		June 30, 2025			December 31, 2024	
		Committed Amount	Fee Percentage		Committed Amount	Fee Percentage
Working capital facility commitment fee	\$	52,318	0.6250 %	\$	46,318	0.6250 %

The Company also pays a .125% fronting fee associated with the LOCs. For the three and six months ended June 30, 2025, the LOCs and commitment fees were \$0.7 million and \$1.4 million which was included in interest expense on the statements of operations.

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(a) Operation and Maintenance Agreement (OMA)

On May 13, 2019, the Company entered into an OMA with Ethos Energy Power Plant Services, LLC (EEP), which provides for the operation and maintenance of the Facility. Prior to COD, EEP performed all the necessary services to bring the Facility to commercial operations (the Mobilization Phase), including recruiting and staffing, budgeting, developing and administering necessary operations programs, and all other services needed to assist the Company with accepting the Facility from the EPC contractor. Subsequent to the Mobilization Phase is the Operational Phase, where EEP provided appropriate staffing and performs the day-to-day operations, routine testing, maintenance, repair of the Facility, and other services required for electrical energy production. EEP will procure all goods, services, accessories, consumables, parts and equipment, as needed to perform their duties as operator and will receive payment for all payroll costs for on-site staffing as well as an annual fee to cover all costs to perform their duties as operator. The OMA is due to expire on the earlier of (i) 5 years after the Operational Phase, subject to extension upon mutual agreement of the Company and EEP and (ii) termination of the agreement by the Company or EEP. The terms of the OMA permit the Company to terminate the agreement at any time during the Operational Phase without cause upon giving 60 days' written notice to EEP.

Contract pricing under the terms of the OMA are as follows:

- Mobilization Phase: \$10 thousand each month, plus reimbursement of payroll costs and other operating expenses
- Operational Phase: \$0.3 million annual fee paid in 12 monthly installments, plus reimbursement of payroll costs and other operating expenses.

The OMA also provides for an annual performance adjustment, which if positive, will consist of a payment by the Company to EEP or if negative, will consist of a payment from EEP to the Company. The terms of the performance adjustment are as follows:

- Annual base amount of \$0.2 million, escalated.
- Consideration of Operator performance in Safety, Environmental and Budget compliance and Facility Availability (all as defined in the OMA).

For the three and six months ended June 30, 2025, the fees expensed were \$1.2 million and \$2.3 million, respectively.

(b) Contract Service Agreement (CSA)

On June 28, 2019, the Company entered into a CSA with General Electric International, Inc. (GEI), pursuant to which they will provide certain parts and services for the installed gas turbines, steam turbines generators, and other associated components of the turbines. The CSA will cover maintenance, repair of collateral damage, initial spare parts, monitoring systems, unscheduled outage obligations, non-hazardous clean up and permits having to do with the installed turbines. The initial term of the contract is for 25 years.

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The contract includes \$20,000 plus escalation paid over four annual payment dates, for the delivery of the initial spare parts. The first payment for the initial spare parts is due when the initial spare parts are received. The initial spare parts were received during 2024 and on October 31, 2024, at which time the first payment of \$5.9 million was made. The spare parts associated with the CSA are recorded in other long-term assets on the accompanying balance sheets. The next contract payment of \$5.0 million, is included in accrued liabilities and the remaining two payments are included in other long-term liabilities on the accompanying balance sheets.

In addition, there will be a monthly fixed fee of \$25 thousand and variable fees of \$500 per gas turbine fired hour with an annual 2.5% escalation on both fees.

(c) Contract for Sale and Purchase of Natural Gas and Firm Gas Transportation Agreements (GSA)

On October 9, 2018 the Company entered into the GSA with Equinor Natural Gas, LLC (ENG), which was amended on June 2, 2019, July 8, 2019, July 26, 2019, and July 14, 2022 for the firm supply of up to 160,000 dekatherm (dth)/day of natural gas for a period covering 10 years from the in service date. ENG will have the option to decrease volumes beginning in year 6.

PJM Price for a particular Deemed Power Day (PJM Price) will be the average Day Ahead power price for the Gas Day weighted by hourly gas consumption. The Company must take full contract gas volumes every day. If all or a portion of the plant is in an Excused Outage, then the Company is excused from taking the amount of gas it cannot burn due to the Excused Outage.

On August 22, 2019 the Company entered into a GSA with Shell Energy North America (US), L.P. (SENA) for the firm supply of up to 80,000 dth/day of natural gas for a period of 5 years from the in-service date. The Company must take full contract gas volumes every day but may reduce the volume during an Excused Outage. SENA will also schedule and balance gas supply under the Company's GTAs. The Company has determined that the price of gas in these contracts is a market price for gas in the location received. The Company has concluded that these long-term gas supply contracts are not derivatives as the price at which they purchase gas is the market price of gas at that location. If this was not a market price and these were derivatives the Company would apply the normal purchase normal sales exclusion as they are using the gas in their operations and do not anticipate any net settlements of gas.

On August 22, 2019, the Company entered into a Fuel Management Services Agreement (FMA) with Shell Energy North America (US), L.P. (SENA) for fuel management and consulting services for a period of 5 years from the in service date. Under the FMA, the Company will pay SENA \$5 per dth for managing third-party supplied gas or approximately \$24 thousand per month.

On June 20, 2019, the Company entered into a Gas Transportation Agreement with Rockies Express Pipeline LLC (REX) for firm gas transportation for a period of 20 years from the in service date. REX will transport gas from the pipeline receipt points in the Clarington production area to a delivery point at Aspire's metering station at the plant. Under the REX GTA, the Company will pay REX an annual demand charge of \$11.4 million plus variable charges for gas actually transported for the Company.

On December 21, 2017, the Company entered into a Firm Transportation Service Agreement with Aspire Energy Express, LLC (Aspire) for firm gas transportation for a period of 10 years from the in service date. Aspire built and will own and operate a metering station to receive gas from REX at the plant site and deliver it to the Company. Under the Aspire GTA, the Company will pay Aspire an annual demand charge of \$1.5 million.

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(d) Turnkey, Engineering, Procurement and Construction Agreement (Switchyard EPC)

On August 9, 2019, the Company executed the Switchyard EPC with EPC Services Company, LLC for the design, engineering, procurement, and construction of a 765 kV switching station and generator tie line. The facility will use this switching station to interconnect with the American Electric Power (AEP) transmission system along the Kammer and Vassel 765 kV line. Full notice to proceed was issued under the Switchyard EPC on August 29, 2019. The Switchyard EPC contract cost was \$44.7 million, subject to change orders and was subject to payment by the Company with customary terms and conditions. On January 20, 2023, the Company transferred ownership of the Switchyard EPC to AEP for no consideration. The Company will continue to carry and depreciate these capitalized costs. This will have no effect on the Company's current or future financial statements.

(9) Subsequent Events

Subsequent events have been evaluated and disclosed as required through the report issuance date of September 15, 2025.

On July 17, 2025, Talen Energy entered into an agreement to acquire the Moxie Freedom Energy Center in Salem Township, Pennsylvania, and the Guernsey Power Station in Ohio from Caithness Energy for approximately \$3.5 billion. The acquisitions are expected to close in the fourth quarter of 2025, subject to customary regulatory approvals and closing conditions. No adjustments have been made to the consolidated financial statements as of June 30, 2025 related to these transactions.

Unaudited Pro Forma Condensed Combined Financial Information

On July 17, 2025, Talen Energy Corporation (“TEC”, “Talen”, or the “Company”), through our indirect wholly owned subsidiary, Talen Generation, LLC, entered into two purchase and sale agreements (collectively, the “Purchase Agreements”) with affiliates of Caithness Energy, LLC, pursuant to which we agreed to purchase the (i) the Freedom Energy Center (“Freedom”), a 1,045 MW (summer rating) natural gas fired combined cycle generation plant located in Luzerne County, Pennsylvania, for \$1.5 billion in cash; and (ii) the Guernsey Power Station (“Guernsey”), a 1,836 MW (summer rating) natural gas fired combined cycle generation plant located in Guernsey County, Ohio, for \$2.3 billion in cash, in each case as adjusted in accordance with the applicable Purchase Agreement. The acquisition of Freedom is referred to as the “Freedom Acquisition” and the acquisition of Guernsey is referred to as the “Guernsey Acquisition.” Each is referred to as an “Acquisition” and collectively to as the “Acquisitions.”

In connection with the Acquisitions, Talen entered into debt commitment letters for (i) senior secured bridge facilities in an aggregate principal amount of up to \$1.2 billion; and (ii) senior unsecured bridge facilities in an aggregate principal amount of \$2.6 billion (collectively, the “Bridge Term Loan Facilities”). The funding is contingent upon the satisfaction of certain conditions set forth in the debt commitment letters. Talen does not intend to draw on the Bridge Term Loan Facilities. On or prior to closing the Acquisitions, Talen Energy Supply, LLC (“TES”), a direct wholly owned subsidiary of Talen, expects to incur up to \$1.2 billion aggregate principal amount of senior secured term loans under a new senior Term Loan B secured credit facility and \$2.7 billion aggregate principal amount of new unsecured debt (collectively, the “Debt Financings”).

The following unaudited pro forma condensed combined financial information of Talen, referred to in this section as the pro forma financial information, is presented to illustrate the effects of the Purchase Agreements and the related Debt Financings, which are referred to in this section as the pro forma transactions. The unaudited pro forma condensed combined financial information includes an unaudited pro forma condensed combined balance sheet as of June 30, 2025, referred to herein as the pro forma balance sheet, unaudited pro forma condensed combined statements of operations for the year ended December 31, 2024 and unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2025, referred to herein as the pro forma income statements, and accompanying notes, referred to herein as the notes to the pro forma financial statements. The pro forma income statements give effect to the pro forma transactions, which for purposes of the pro forma financial information are assumed to include the incurrence of approximately \$3.9 billion of aggregate indebtedness under the Debt Financings, as if they had occurred on January 1, 2024, the first day of Talen’s fiscal year ended December 31, 2024. The pro forma balance sheet gives effect to the pro forma transactions as if they had occurred on June 30, 2025.

The pro forma financial information is based on and should be read in conjunction with the following historical financial statements of Talen, Moxie Freedom, LLC (“Freedom”) and Guernsey Power Holdings, LLC (“Guernsey”):

- Talen’s historical audited consolidated financial statements and related notes for the year ended December 31, 2024, included in Talen’s annual report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 28, 2025.
- Talen’s historical unaudited condensed consolidated financial statements and related notes for the three and six months ended June 30, 2025, included in Talen’s quarterly report on Form 10-Q for the three and six months ended June 30, 2025, filed with the SEC on August 7, 2025.
- Freedom’s historical audited financial statements and related notes for the year ended December 31, 2024 and Freedom’s historical unaudited condensed financial statements and related notes for the three and six months ended June 30, 2025, attached as Exhibits 99.2 and 99.3 to the Form 8-K to which this unaudited pro forma condensed combined financial information is attached.
- Guernsey’s historical audited consolidated financial statements and related notes for the year ended December 31, 2024 and Guernsey’s historical unaudited condensed consolidated financial statements and related notes for the three and six months ended June 30, 2025, attached as Exhibits 99.4 and 99.5 to the Form 8-K to which this unaudited pro forma condensed combined financial information is attached.

The pro forma financial information has been prepared using the acquisition method of accounting for business combinations under accounting principles generally accepted in the United States, referred to as GAAP, in accordance with Accounting Standards Codifications (ASC) 805, Business Combinations. Under the acquisition method of accounting, the preliminary purchase price is allocated to the underlying tangible and intangible assets to be acquired and liabilities assumed based upon their estimated fair values as of the acquisition date, with any excess purchase price allocated to goodwill. Talen has made a preliminary allocation of the purchase price to the assets acquired and liabilities assumed as of the assumed acquisition date of June 30, 2025, based on Talen’s preliminary valuation of the tangible and intangible assets to be acquired and liabilities assumed in the Purchase Agreements using information currently available. A final determination of fair value of the assets and liabilities acquired will be based on the actual assets and liabilities as of the closing date of the Acquisitions, and, therefore, cannot be made prior to the closings under the Purchase Agreements. As a result, the unaudited pro forma purchase price adjustments related to the Acquisitions are preliminary and subject to change as additional information becomes available and as additional analyses are performed. The final valuation of assets acquired and liabilities assumed in the Acquisitions may be materially different than the estimated values assumed in the pro forma financial information.

In accordance with Article 11 of Regulation S-X, the pro forma financial information has been prepared for illustrative and informational purposes only and is not intended to represent what Talen's results of operations or financial position would have been had the Acquisitions occurred on the dates indicated, or what they will be for any future periods or as of any future date. The pro forma financial information does not reflect the realization of any expected cost savings or other synergies or dis-synergies that may be realized as a result of the Acquisitions.

**Unaudited Pro Forma Condensed Combined Balance Sheet
as of June 30, 2025**

(Millions of Dollars, except share data)	Historical Talen Energy Corporation	Historical Acquired Entities as Reclassified ^(a)	Acquisition Accounting Adjustments	Other Accounting Adjustments	Pro Forma Combined
Assets					
Cash and cash equivalents	\$ 122	\$ 3	\$ (3,788) ^{4(a)}	\$ 3,840 ^{5(a)}	\$ 174
Restricted cash and cash equivalents	13	34	(3) ^{4(b)}	—	13
Accounts receivable	226	47	—	—	273
Inventory, net	224	4	—	—	228
Derivative instruments	80	24	(18) ^{4(c)}	\$ —	86
Other current assets	165	3	—	—	168
Total current assets	830	115	(3,843)	3,840	942
Property, plant and equipment, net	3,089	2,002	2,401 ^{4(d)}	—	7,492
Nuclear decommissioning trust funds	1,790	—	—	—	1,790
Derivative instruments	—	15	(15) ^{4(c)}	—	—
Other noncurrent assets	118	46	—	—	164
Total Assets	\$ 5,827	\$ 2,178	\$ (1,457)	\$ 3,840	\$ 10,388
Liabilities and Equity					
Revolving credit facilities	\$ 70	\$ —	\$ —	\$ —	\$ 70
Long-term debt, due within one year	17	60	(60) ^{4(b)}	\$ —	17
Accrued interest	30	—	—	—	30
Accounts payable and other accrued liabilities	226	47	25 ^{4(e)}	—	298
Derivative instruments	32	41	—	—	73
Other current liabilities	77	—	—	—	77
Total current liabilities	452	148	(35)	—	565
Long-term debt	2,972	1,101	(1,101) ^{4(b)}	3,840 ^{5(a)}	6,812
Liabilities subject to compromise	—	—	—	—	—
Derivative instruments	62	12	(1) ^{4(c)}	—	73
Contract liabilities	—	—	617 ^{4(f)}	—	617
Postretirement benefit obligations	282	—	—	—	282
Asset retirement obligations and accrued environmental costs	478	—	—	—	478
Deferred income taxes	297	—	—	—	297
Other noncurrent liabilities	38	5	—	—	43
Total Liabilities	\$ 4,581	\$ 1,266	\$ (520)	\$ 3,840	\$ 9,167
Stockholders' Equity					
Common stock (\$0.001 par value 350,000,000 shares authorized) ^(b)	\$ —	\$ —	— ^{4(g)}	\$ —	\$ —
Additional paid-in capital	1,711	912	(912) ^{4(g)}	—	1,711
Accumulated retained earnings (deficit)	(456)	—	(25) ^{4(e)}	—	(481)
Accumulated other comprehensive income (loss)	(9)	—	—	—	(9)
Total Stockholders' Equity	\$ 1,246	\$ 912	\$ (937)	\$ —	\$ 1,221
Total Liabilities and Stockholders' Equity	\$ 5,827	\$ 2,178	\$ (1,457)	\$ 3,840	\$ 10,388

(a) See Note 3 to the Unaudited Pro Forma Financial Information.
(b) 45,659,227 shares issued and outstanding as of June 30, 2025.

**Unaudited Pro Forma Condensed Combined Statement of Operations
for the Six Months Ended June 30, 2025**

(Millions of Dollars, except share data)	Historical Talen Energy Corporation	Historical Acquired Entities as Reclassified ^(a)	Acquisition Accounting Adjustments	Other Accounting Adjustments	Pro Forma Combined
Capacity revenues	\$ 137	\$ 30	\$ —	\$ —	\$ 167
Energy and other revenues	948	383	—	—	1,331
Unrealized gain (loss) on derivative instruments	(65)	(7)	—	—	(72)
Operating Revenues	1,020	406	—	—	1,426
Fuel and energy purchases	(418)	(232)	43 ^{4(f)}	—	(607)
Nuclear fuel amortization	(44)	—	—	—	(44)
Unrealized gain (loss) on derivative instruments	(25)	(4)	—	—	(29)
Energy Expenses	(487)	(236)	43	—	(680)
Operating Expenses					
Operation, maintenance and development	(338)	(27)	3 ^{4(b)}	—	(362)
General and administrative	(75)	—	37	—	(75)
Depreciation, amortization and accretion	(144)	(37)	(61) ⁴⁽ⁱ⁾	—	(205)
Other operating income (expense), net	(16)	—	—	—	(16)
Operating Income (Loss)	(40)	106	22	—	88
Nuclear decommissioning trust funds gain (loss), net	68	—	—	—	68
Interest expense and other finance charges	(136)	(65)	56 ^{4(j)} 9 ^{4(c)}	(132) ^{5(b)}	(268)
Gain (loss) on sale of assets, net	11	—	—	—	11
Other non-operating income (expense), net	7	—	—	—	7
Income (Loss) Before Income Taxes	(90)	41	87	(132)	(94)
Income tax benefit (expense)	27	—	(27) ^{4(k)}	28 ^{5(d)}	28
Net Income (Loss) Attributable to Stockholders	\$ (63)	\$ 41	\$ 60	\$ (104)	\$ (66)
Per Common Share ^(b)					
Net Income (Loss) Attributable to Stockholders - Basic	\$ (1.38)				\$ (1.44)
Net Income (Loss) Attributable to Stockholders - Diluted	\$ (1.38)				\$ (1.44)
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	45,699				45,699
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	45,699				45,699

(a) See Note 3 to the Unaudited Pro Forma Financial Information.

(b) See note 4(l) to the Unaudited Pro Forma Financial Information.

**Unaudited Pro Forma Condensed Combined Statement of Operations
for the Year Ended December 31, 2024**

(Millions of Dollars, except share data)	Historical Talen Energy Corporation	Historical Acquired Entities as Reclassified ^(a)	Acquisition Accounting Adjustments	Other Accounting Adjustments	Pro Forma Combined
Capacity revenues	\$ 192	\$ 35	\$ —	\$ —	\$ 227
Energy and other revenues	1,881	594	—	—	2,475
Unrealized gain (loss) on derivative instruments	42	(40)	—	—	2
Operating Revenues	2,115	589	—	—	2,704
Fuel and energy purchases	(694)	(331)	89 ^{4(f)}	—	(936)
Nuclear fuel amortization	(123)	—	—	—	(123)
Unrealized gain (loss) on derivative instruments	20	—	—	—	20
Energy Expenses	(797)	(331)	89	—	(1,039)
Operating Expenses					
Operation, maintenance and development	(592)	(63)	7 ^{4(b)}	—	(648)
General and administrative	(163)	—	—	—	(163)
Depreciation, amortization and accretion	(298)	(76)	76 ^{4(h)} (122) ⁴⁽ⁱ⁾	—	(420)
Impairments	(1)	—	—	—	(1)
Other operating income (expense), net	(38)	—	(25) ^{4(e)}	—	(63)
Operating Income (Loss)	226	119	25	—	370
Nuclear decommissioning trust funds gain (loss), net	178	—	—	—	178
Interest expense and other finance charges	(238)	(101)	128 ^{4(j)} (27) ^{4(c)}	(264) ^{5(b)} (19) ^{5(c)}	(521)
Gain (loss) on sale of assets, net	884	—	—	—	884
Other non-operating income (expense), net	61	1	—	—	62
Income (Loss) Before Income Taxes	1,111	19	126	(283)	973
Income tax benefit (expense)	(98)	—	(30) ^{4(k)}	59 ^{5(d)}	(69)
Net Income (Loss)	\$ 1,013	\$ 19	\$ 96	\$ (224)	\$ 904
Less: Net income (loss) attributable to noncontrolling interest	15	—	—	—	15
Net Income (Loss) Attributable to Stockholders	\$ 998	\$ 19	\$ 96	\$ (224)	\$ 889
Per Common Share ^(b)					
Net Income (Loss) Attributable to Stockholders - Basic	\$ 18.40				\$ 16.39
Net Income (Loss) Attributable to Stockholders - Diluted	\$ 17.67				\$ 15.74
Weighted-Average Number of Common Shares Outstanding - Basic (in thousands)	54,254				54,254
Weighted-Average Number of Common Shares Outstanding - Diluted (in thousands)	56,486				56,486

- (a) See Note 3 to the Unaudited Pro Forma Financial Information.
(b) See note 4(l) to the Unaudited Pro Forma Financial Information.

Notes to the Unaudited Pro Forma Financial Information

1. Basis of Presentation

The pro forma financial information has been prepared in accordance with Article 11 of SEC Regulation S-X. The Acquisitions are being accounted for as a business combination using the acquisition method of accounting under U.S. GAAP, in accordance with the provisions of ASC 805, Business Combinations, which requires assets acquired and liabilities assumed to be recorded at their acquisition date fair value. ASC 820, Fair Value Measurements, defines the term “fair value” as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Fair value measurements can be highly subjective, and it is possible the application of reasonable judgment could develop different assumptions resulting in a range of alternative estimates based on the same facts and circumstances.

Talen has not completed the detailed valuation studies necessary to determine the fair value of the Freedom and Guernsey assets to be acquired and liabilities to be assumed and the related allocations of purchase price. Therefore, the allocation of the purchase price as reflected in the unaudited pro forma condensed combined financial information is based upon management's preliminary estimates of the fair value of the assets acquired and liabilities assumed. The final allocation of the purchase price will be determined after completion of the Acquisitions, which determination will entail, among other things, the determination of the estimated fair value of assets and liabilities and associated tax adjustments. Any adjustments to the preliminary estimated fair value amounts could have a significant impact on the pro forma financial information and Talen's future results of operations and financial position. There can be no assurance that such final allocation of the purchase price will not result in material changes.

The historical financial statements of Freedom and Guernsey (together, the “Acquired Entities”), and TEC were each prepared in accordance with U.S. GAAP. As discussed in Note 3, certain reclassifications have been made to align Talen and the Acquired Entities' financial statement presentations for purposes of preparing the pro forma financial information. However, the Company believes it has identified all material adjustments necessary to conform the Acquired Entities' accounting policies to those of Talen. Upon completion of the Acquisitions, or as more information becomes available, Talen will perform a more detailed review of all accounting policies. As a result of that review, Talen may identify differences between the accounting policies of the companies, requiring conforming adjustments which could have a material impact on the combined company's financial information.

There were no material intercompany transactions or balances between Talen and the Acquired Entities as of and for the six months ended June 30, 2025, and for the year ended December 31, 2024. Dollars are in millions, unless otherwise noted.

2. Preliminary Purchase Price Allocation

The table below represents the preliminary estimate of the consideration to acquire Freedom and Guernsey. The historical long-term debt of the Acquired Entities is not part of the net assets to be acquired by Talen, and as such is not included as part of consideration transferred.

Consideration transferred	Freedom	Guernsey	Total
Base purchase price	\$ 1,458	\$ 2,330	\$ 3,788
Estimated total consideration transferred			\$ 3,788

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of Freedom and Guernsey are measured and recognized at fair value. The allocation is dependent upon certain valuations and other studies that have not yet been completed. Accordingly, the pro forma purchase price allocation is subject to change as additional information becomes available and detailed analyses and final valuation are completed, and any such changes could be material.

The table below represents a preliminary allocation of the estimated consideration to acquire Freedom and Guernsey's identified tangible and intangible assets to be acquired and liabilities to be assumed based on preliminary estimated fair values as of June 30, 2025.

The preliminary purchase price allocation is as follows:

Preliminary purchase price allocation	Estimated Fair Value		
	Freedom	Guernsey	Total
Assets acquired:			
Accounts receivable	\$ 17	\$ 30	\$ 47
Inventory	4	—	4
Derivative instruments (current asset)	3	3	6
Other current assets	1	2	3
Property, plant, and equipment, net	1,510	2,893	4,403
Derivative instruments (noncurrent asset)	—	—	—
Other noncurrent assets	24	22	46
Total assets acquired	\$ 1,559	\$ 2,950	\$ 4,509
Liabilities assumed:			
Accounts payable and other accrued liabilities	\$ 16	\$ 31	\$ 47
Derivative instruments (current liability)	11	30	41
Derivative instruments (noncurrent liability)	5	6	11
Contract liabilities	75	542	617
Other noncurrent liabilities	—	5	5
Total liabilities assumed	\$ 107	\$ 614	\$ 721
Net assets	\$ 1,452	\$ 2,336	\$ 3,788

3. Reclassification Adjustments

The historical consolidated financial statements of Freedom and Guernsey are prepared in accordance with U.S. GAAP. During the preparation of the pro forma financial information, Talen management performed a preliminary analysis of Freedom and Guernsey's financial information to identify differences between their accounting policies and those of Talen. Additionally, Talen management performed a preliminary analysis to identify differences between Freedom and Guernsey's financial statement presentation and that of Talen. At the time of the preparation of the pro forma financial information, Talen believes it has identified all material adjustments necessary to conform Freedom and Guernsey's accounting policies to Talen's accounting policies. The adjustments described below represent Talen's best estimates based upon the information currently available to Talen and could be subject to change once more detailed information is available.

The following table presents a summary of reclassification adjustments made to present Freedom and Guernsey's condensed consolidated balance sheets as of June 30, 2025 in conformity with that of Talen:

Presentation in Unaudited Pro Forma Condensed Combined Financial Statements	Historical Freedom Before Reclassification	Historical Guernsey Before Reclassification	Total Reclassifications	Historical Acquired Entities as Reclassified
Assets				
Cash and cash equivalents	\$ 1	\$ 2	\$ —	\$ 3
Restricted cash and cash equivalents	12	22	—	34
Accounts receivable	17	30	—	47
Inventory, net	4	—	—	4
Derivative instruments	3	21	—	24
Other current assets	1	2	—	3
Total Current Assets	38	77	—	115
Property, plant, and equipment, net	614	1,356	32 (a)	2,002
Derivative instruments	—	15	—	15
Land	9	23	(32) (a)	—
Other noncurrent assets	24	22	—	46
Total Assets	\$ 685	\$ 1,493	\$ —	\$ 2,178
Liabilities and Equity				
Long-term debt, due within one year	\$ 4	\$ 56	\$ —	\$ 60
Accounts payable and other accrued liabilities	16	31	—	47
Derivative instruments	11	30	—	41
Total Current Liabilities	31	117	—	148
Long-term debt	351	750	—	1,101
Derivative instruments	6	6	—	12
Other noncurrent liabilities	—	5	—	5
Total Liabilities	\$ 388	\$ 878	\$ —	\$ 1,266
Stockholders' Equity				
Additional Paid in Capital	\$ 297	\$ 615	\$ —	\$ 912
Total Stockholders' Equity	\$ 297	\$ 615	\$ —	\$ 912
Total Liabilities and Equity	\$ 685	\$ 1,493	\$ —	\$ 2,178

(a) Reclassification of land from "Land" to "Property, plant, and equipment, net" line item. Amount comprised of \$9 million related to Freedom and \$23 million related to Guernsey.

The following table presents a summary of reclassification adjustments made to present Freedom and Guernsey's condensed consolidated statements of operations for the six months ended June 30, 2025 in conformity with that of Talen:

Presentation in Unaudited Pro Forma Condensed Combined Financial Statements	Historical Freedom Before Reclassification	Historical Guernsey Before Reclassification	Total Reclassifications	Total Accounting Policy Adjustment	Historical Acquired Entities as reclassified with aligned policies
Capacity revenues	\$ —	\$ —	\$ 30	(a) \$ —	\$ 30
Energy and other revenues	159	247	(23)	(a) (b) —	383
Unrealized gain (loss) on derivative instruments	—	—	(7)	(b) —	(7)
Operating Revenues	159	247	—	—	406
Fuel and energy purchases	(85)	(153)	4	(c) 1 (g)	(232)
Nuclear fuel amortization	—	—	—	(d) —	—
Unrealized gain (loss) on derivative instruments	—	—	(4)	(c) —	(4)
Energy Expenses	(85)	(153)	1	1	(236)
Operating Expenses					
Operation, maintenance and development	(14)	(14)	(4)	(e) 6 (g)	(27)
General and administrative	(1)	(3)	(1)	(d) —	—
Depreciation, amortization and accretion	(13)	(24)	4	(e) —	(37)
Other operating income (expense), net	—	—	—	—	—
Operating Income (Loss)	46	53	—	7	106
Nuclear decommissioning trust funds gain (loss), net	—	—	—	—	—
Interest expense and other finance charges	(20)	(41)	(4)	(f) —	(65)
Deferred financing cost amortization expense	(2)	(2)	4	(f) —	—
Gain (loss) on sale of assets, net	—	—	—	—	—
Other non-operating income (expense), net	—	—	—	—	—
Income (Loss) Before Income Taxes	\$ 24	\$ 10	\$ —	\$ 7	\$ 41

- (a) Reclassification of capacity revenues from "Energy and other revenues" to "Capacity revenues" line item. Amounts comprise \$14 million for Freedom and \$16 million for Guernsey.
- (b) Reclassification of mark-to-market unrealized loss from "Energy and other revenues" to "Unrealized gain (loss) on derivative instruments". Amount comprised of \$1 million for Freedom and \$6 million for Guernsey.
- (c) Reclassification of mark-to-market unrealized loss from "Fuel and energy purchases" to "Unrealized gain (loss) on derivative instruments". Amount comprised of \$2 million for Freedom and \$2 million for Guernsey.
- (d) Reclassification of Guernsey variable operation and maintenance related costs from "Fuel and energy purchases" to "Operation, maintenance and development."
- (e) Reclassification of "General and administrative" to "Operation, maintenance and development." Amount comprised of \$1 million for Freedom and \$3 million for Guernsey.
- (f) Reclassification of deferred debt financing amortization amounts from "Deferred financing cost amortization expense" to "Interest expense and other finance charges." Amounts comprise \$2 million for Freedom and \$2 million for Guernsey.
- (g) Accounting policy adjustment to remove expenses related to a long-term service agreement as Talen's accounting policy is to capitalize such expenses within "Property, plant, and equipment, net." Amount comprised of \$6 million for Freedom from "Operation, maintenance and development", and \$1 million for Guernsey with \$1 million from "Fuel and Energy purchases" and \$200 thousand from "Operation, maintenance and development".

The following table presents a summary of reclassification adjustments made to present Freedom and Guernsey's consolidated statements of operations for the year ended December 31, 2024 in conformity with that of Talen:

Presentation in Unaudited Pro Forma Condensed Combined Financial Statements	Historical Freedom Before Reclassification	Historical Guernsey Before Reclassification	Total Reclassifications	Total Accounting Policy Adjustment	Historical Acquired Entities as Reclassified with Aligned Policies	
Capacity revenues	\$ —	\$ —	\$ 35	(a)	\$ —	\$ 35
Energy and other revenues	225	364	5	(a) (b)	—	594
Unrealized gain (loss) on derivative instruments	—	—	(40)	(b)	—	(40)
Operating Revenues	225	364	—		—	589
Fuel and energy purchases	(131)	(208)	1	(c)	7	(331)
Nuclear fuel amortization	—	—	—		—	—
Unrealized gain (loss) on derivative instruments	—	—	—		—	—
Energy Expenses	(131)	(208)	1		7	(331)
Operating Expenses						
Operation, maintenance and development	(26)	(39)	(1)	(c)	10	(63)
General and administrative	(3)	(5)	8	(d)	—	—
Depreciation, amortization and accretion	(27)	(49)	—		—	(76)
Other operating income (expense), net	—	—	—		—	—
Operating Income (Loss)	38	63	(1)		17	119
Nuclear decommissioning trust funds gain (loss), net	—	—	—		—	—
Interest expense and other finance charges	(32)	(60)	(9)	(e)	—	(101)
Deferred financing cost amortization expense	(4)	(5)	9	(e)	—	—
Other non-operating income (expense), net	—	1	—		—	1
Income (Loss) Before Income Taxes	\$ 2	\$ (1)	\$ —		\$ 17	\$ 19

- (a) Reclassification of capacity revenues from "Energy and other revenues" to "Capacity revenues" line item. Amount comprised of \$17 million for Freedom and \$18 million for Guernsey.
- (b) Reclassification of mark-to-market unrealized loss from "Energy and other revenues" to "Unrealized gain (loss) on derivative instruments." Amount comprised of \$14 million for Freedom and \$26 million for Guernsey.
- (c) Reclassification of Guernsey variable operation and maintenance related costs from "Fuel and energy purchases" to "Operation, maintenance and development."
- (d) Reclassification "General and administrative" to "Operation, maintenance and development."
- (e) Reclassification of deferred debt financing amortization amounts from "Deferred financing cost amortization expense" to "Interest expense and other finance charges." Amount comprised of \$4 million for Freedom and \$5 million for Guernsey.
- (f) Accounting policy adjustment to remove expenses related to a long-term service agreement as Talen's accounting policy is to capitalize such expenses within "Property, plant, and equipment, net." Amount comprised of \$10 million for Freedom and \$7 million for Guernsey, each from "Operation, maintenance and development" and "Fuel and energy purchases".

4. Acquisition Pro Forma Adjustments and Assumptions

- (a) Reflects estimated cash consideration to be paid in connection with the Acquisitions. The amount is equal to the sum of the estimated cash consideration based on contractual terms of the Purchase Agreements. See Note 2.
- (b) Reflects the elimination of Freedom and Guernsey's historical cash and cash equivalents, restricted cash balances, and historical debt as those balances were not included in the purchase price under each Purchase Agreement.

	June 30, 2025		
	Freedom	Guernsey	Total
Cash and cash equivalents	\$ 1	\$ 2	\$ 3
Restricted cash	12	22	34
Long-term debt, due within one year	4	56	60
Long-term debt	351	750	1,101

Additionally, represents the elimination of costs associated with an asset management services agreement between Freedom and Guernsey and their affiliate. This agreement will not be assumed by Talen.

	Six Months Ended June 30, 2025			Year Ended December 31, 2024		
	Freedom	Guernsey	Total	Freedom	Guernsey	Total
Asset management agreement	\$ 1	\$ 2	\$ 3	\$ 3	\$ 4	\$ 7

- (c) Represents the elimination of interest rate swaps associated with the Freedom and Guernsey historical debt. Adjustments eliminate the carrying value on the balance sheet and the unrealized and realized settlement amounts on the consolidated statements of operations.

Derivative instruments	June 30, 2025		
	Freedom	Guernsey	Total
Current assets	\$ 1	\$ 17	\$ 18
Non-current assets	—	15	15
Current liabilities	—	—	—
Non-current liabilities	(1)	—	(1)

Interest rate swaps	Six Months Ended June 30, 2025			Year Ended December 31, 2024		
	Freedom	Guernsey	Total	Freedom	Guernsey	Total
Unrealized gain (loss) on derivative instruments	\$ (4)	\$ (17)	\$ (21)	\$ 1	\$ (9)	\$ (8)
Interest expense and other finance charges	1	11	12	5	30	35
Total			\$ (9)			\$ 27

- (d) Reflects adjustments related to the step-up in fair value of property, plant, and equipment to be acquired in the Acquisitions.

Property, plant, and equipment, net	June 30, 2025		
	Freedom	Guernsey	Total
Fair value	\$ 1,510	\$ 2,893	\$ 4,403
Less: Historical value	623	1,379	2,002
Step-up	\$ 887	\$ 1,514	\$ 2,401

- (e) Represents estimated acquisition-related transaction costs yet to be expensed or accrued in the historical financial statements through June 30, 2025, which include banker, advisory, legal, and valuation fees, and other professional fees. The total estimated acquisition-related transaction costs are \$25 million, equally attributable to Freedom and Guernsey, which will not affect the combined statement of operations beyond twelve months after the closing date of the Acquisitions.

- (f) Represents the recognition of liabilities related to three unfavorable off-market contracts at fair value as of June 30, 2025, arising from contractual terms identified within agreements to be assumed in connection with the Acquisitions. The amortization of these liabilities, reducing the carrying amount over the remaining contract terms, will be included in subsequent periods. The amortization of the contract values was calculated as the amortized roll-off of each forward month.

Unfavorable contract liabilities ^(a)	Remaining Contact Term (years)	Preliminary Fair Value		
		Freedom	Guernsey	Total
Gas supply agreements	2 - 8	\$ 75	\$ 542	\$ 617

(a) Preliminary fair value as of June 30, 2025.

Amortization of unfavorable contract liabilities	Six Months Ended June 30, 2025			Year Ended December 31, 2024		
	Freedom	Guernsey	Total	Freedom	Guernsey	Total
Amortization	\$ 9	\$ 34	\$ 43	\$ 19	\$ 70	\$ 89

- (g) Reflects the elimination of Freedom and Guernsey's historical equity.
(h) Reflects elimination of the historical depreciation of Freedom and Guernsey related to property, plant and equipment.

	Six Months Ended June 30, 2025			Year Ended December 31, 2024		
	Freedom	Guernsey	Total	Freedom	Guernsey	Total
Depreciation, amortization and accretion	\$ 13	\$ 24	\$ 37	\$ 27	\$ 49	\$ 76

- (i) Reflects the impact of depreciation related to the preliminary fair value of property, plant and equipment to be acquired in the Acquisitions .

Property, plant and equipment, net	Estimated Useful Life (years)	June 30, 2025		
		Preliminary Fair Value		
		Freedom	Guernsey	Total
Land	n/a	\$ 9	\$ 23	\$ 32
Plant and equipment	33 - 38	1,501	2,870	4,371
Total		\$ 1,510	\$ 2,893	\$ 4,403

Depreciation	Six Months Ended June 30, 2025			Year Ended December 31, 2024		
	Freedom	Guernsey	Total	Freedom	Guernsey	Total
Land	n/a	n/a	n/a	n/a	n/a	n/a
Plant and equipment	23	38	61	46	76	122
Total			\$ 61			\$ 122

- (j) Reflects the elimination of the historical Freedom and Guernsey interest expense and debt financing fees from the consolidated statements of operations as the debt of Acquired Entities was not included in the purchase price under each Purchase Agreement.

Interest expense and other finance charges	Six Months Ended June 30, 2025			Year Ended December 31, 2024		
	Freedom	Guernsey	Total	Freedom	Guernsey	Total
Interest expense	\$ 17	\$ 35	\$ 52	\$ 38	\$ 81	\$ 119
Amortization of deferred financing costs	2	2	4	4	5	9
Total			\$ 56			\$ 128

- (k) Represents adjustments to the income tax expense (benefit) related to the historical income (loss) before income taxes and the resulting pro forma acquisition adjustments, which were tax effected using a statutory rate of 21%.

- (l) Pro forma acquisition adjustments on Talen ordinary shares and earnings per share:

	Six Months Ended June 30, 2025	Year Ended December 31, 2024
Pro forma earnings per share		
Pro forma net income attributable to Talen	\$ (66)	\$ 889
Basic:		
Historical weighted average of Talen common shares outstanding (in thousands)	45,699	54,254
Pro forma earnings per share - basic	\$ (1.44)	\$ 16.39
Diluted:		
Historical weighted average of Talen common shares outstanding (in thousands)	45,699	56,486
Pro forma earnings per share - diluted	\$ (1.44)	\$ 15.74

5. Other Accounting Pro Forma Adjustments and Assumptions

- (a) For purposes of the pro forma financial information, it is assumed that Talen will borrow approximately \$3.9 billion from the Debt Financings in order to finance the cash consideration in the Acquisitions. The Debt Financings are shown as long-term debt, net of estimated debt issuance cost in the pro forma condensed combined balance sheet.

Long-term debt	June 30, 2025		
	Long-Term Debt	Associated Fees	Total (Net of Debt)
New Term B Facility	\$ 1,200	\$ 15	\$ 1,185
New unsecured debt	2,690	35	2,655
Pro forma adjustment to long-term debt	\$ 3,890	\$ 50	\$ 3,840

- (b) This adjustment reflects pro forma adjustment to interest expense related to assumed incurrence of the Debt Financings. For purposes of the pro forma condensed combined statements of operation, Talen is using a weighted average interest rate of 6.625%. Additionally, it is assumed that borrowings occur on January 1, 2024 and remain outstanding throughout the periods presented.

Interest expense	Six Months Ended June 30, 2025	Year Ended December 31, 2024
Interest expense associated with Debt Financings	\$ 129	\$ 258
Amortization of new debt issuance costs	3	6
Pro forma adjustment to interest expense	\$ 132	\$ 264

The following table represents the impact of a change in assumed interest rates on interest expense.

Increase (decrease) in interest expense	Six Months Ended June 30, 2025	Year Ended December 31, 2024
0.125% increase in interest rate	\$ 2	\$ 5
0.125% decrease in interest rate	(3)	(5)

- (c) Represents the write-off of \$19 million of unamortized commitment fees related to the Bridge Term Loan Facilities due to the assumed termination of the remaining commitments under these facilities.
- (d) Represents the adjustments to income tax expense (benefit) related to the income (loss) before income taxes resulting from the pro forma other accounting adjustments, which were tax-effected using an estimated statutory rate of 21%.