

2025

Second Quarter Report



CONSOLIDATED BALANCE SHEETS (unaudited)

(IN THOUSANDS)

ASSETS	JUNE 30 2025	JUNE 30 2024
UTILITY PLANT:		
Electric plant	\$ 3,090,346	\$ 2,974,334
Construction work in progress	135,029	93,111
Less accumulated depreciation and amortization	(1,257,955)	(1,220,398)
Utility plant—net	1,967,420	1,847,047
OTHER ASSETS AND INVESTMENTS:		
Restricted investments—deferred compensation	25,441	21,068
Other investments	35,555	35,205
Deferred charges:		
Plant retirements	596,869	672,568
Financing related	78,174	84,972
Other	29,908	41,138
Other long-term assets	19,882	16,827
Derivative instruments—noncurrent	188,209	229,193
Total other assets and investments	974,038	1,100,971
CURRENT ASSETS:		
Cash and cash equivalents	212,909	225,904
Accounts receivable:		
Members	145,516	123,454
Others	48,064	49,414
Inventories:		
Materials and supplies	59,502	54,064
Fuel	10,163	8,451
Prepays and other current assets	25,315	18,893
Deferred charges—current	359	837
Derivative instruments—current	69,815	44,426
Total current assets	571,643	525,443
TOTAL	\$ 3,513,101	\$ 3,473,461

CONTINUED

CONSOLIDATED BALANCE SHEETS (unaudited)

(IN THOUSANDS)

CAPITAL AND LIABILITIES	JUNE 30 2025	JUNE 30 2024
CAPITAL:		
Members:		
Patronage capital	\$ 554,984	\$ 527,958
Memberships	3	3
Total members' capital	554,987	527,961
Temporary patronage capital	115,629	101,864
Total capital	670,616	629,825
OTHER NONCURRENT LIABILITIES	28,208	37,206
REGULATORY LIABILITIES	233,167	282,433
LONG-TERM OBLIGATIONS—Less current portion	2,146,070	2,091,649
DEFERRED COMPENSATION	25,441	21,068
DEFERRED INCOME TAXES	18,431	29,891
CURRENT LIABILITIES:		
Long-term obligations—current	153,754	179,637
Regulatory liabilities—current	69,815	44,426
Notes payable to members	55,811	45,769
Accounts payable	63,692	62,812
Property and other taxes	14,094	15,249
Other accrued liabilities and notes payable	18,870	19,670
Accrued interest payable	14,773	12,989
Derivative instruments	359	837
Total current liabilities	391,168	381,389
TOTAL	\$ 3,513,101	\$ 3,473,461

CONCLUDED

**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME** (unaudited)

(IN THOUSANDS)

UTILITY OPERATIONS	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2025	2024	2025	2024
UTILITY OPERATING REVENUE:				
Electric revenue	\$ 258,146	\$ 221,773	\$ 533,249	\$ 460,427
Other operating revenue	17,275	17,345	36,899	33,667
Total utility operating revenue	275,421	239,118	570,148	494,094
UTILITY OPERATING EXPENSES:				
Purchased power	109,520	98,724	250,508	224,854
Fuel	7,186	4,123	13,980	9,804
Operation and maintenance	62,161	63,555	129,897	124,952
Depreciation and amortization	41,860	42,711	84,044	84,828
Property and other taxes	5,619	5,704	11,152	11,385
Total utility operating expenses	226,346	214,817	489,581	455,823
UTILITY OPERATING MARGIN	49,075	24,301	80,567	38,271
OTHER INCOME (EXPENSE):				
Other income—net	909	927	2,704	2,830
Interest income	1,985	2,177	3,968	5,090
Interest expense—net of amounts capitalized	(31,422)	(31,010)	(62,784)	(62,233)
Other expense—net	(28,528)	(27,906)	(56,112)	(54,313)
NET UTILITY MARGIN (LOSS)	20,547	(3,605)	24,455	(16,042)
Income (loss) from equity method investments	16	10	(43)	39
NONUTILITY OPERATIONS				
Total nonutility operations	16	10	(43)	39
NET MARGIN (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO GREAT RIVER ENERGY	\$ 20,563	\$ (3,595)	\$ 24,412	\$ (16,003)

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL (unaudited)

FOR JANUARY 1, 2024 THROUGH JUNE 30, 2025 (IN THOUSANDS)

	Patronage Capital	Memberships	Temporary Patronage Capital	Total Capital
BALANCE—January 1, 2024	\$ 562,891	\$ 3	\$ 114,597	\$ 677,491
Net margin and comprehensive income	21,985	-	-	21,985
Return of members' patronage capital	(18,930)	-	-	(18,930)
Redemption of temporary patronage capital	-	-	(12,733)	(12,733)
BALANCE—December 31, 2024	\$ 565,946	\$ 3	\$ 101,864	\$ 667,813
Net margin and comprehensive income	24,412	-	-	24,412
Transfer to temporary patronage capital	(27,893)	-	27,893	-
Return of members' patronage capital	(7,481)	-	-	(7,481)
Redemption of temporary patronage capital	-	-	(14,128)	(14,128)
BALANCE—June 30, 2025	\$ 554,984	\$ 3	\$ 115,629	\$ 670,616

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin (loss)	\$ 24,412	\$ (16,003)
Adjustments to reconcile net margin (loss) to net cash provided by operating activities:		
Depreciation and amortization:		
Included in depreciation and amortization	83,675	84,505
Included in fuel and interest	4,644	4,859
Included in operation and maintenance	1,923	2,348
Included in purchased power	336	336
Loss (income) from equity method investments	43	(39)
Patronage credits earned from investments	(1,005)	(974)
Deferred charges	1,659	(1,454)
Regulatory liabilities	14,935	6,367
Changes in working capital (excluding cash, investments and borrowings):		
Accounts and long-term receivables	(31,703)	(26,073)
Inventory and other assets	(23,619)	5,556
Accounts payable, taxes and other accrued expenses	(20,353)	(25,374)
Accrued interest	57	368
Noncurrent liabilities	(1,407)	(2,376)
Net cash provided by operating activities	53,597	32,046
CASH FLOWS FROM INVESTING ACTIVITIES:		
Utility plant additions	(76,562)	(84,228)
Utility plant reimbursements (refunds)—contributions in aid of construction	733	(8,220)
Redemption of patronage capital investments	740	671
Net cash used in investing activities	(75,089)	(91,777)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term obligations	350,000	315,000
Repayments of long-term obligations	(307,637)	(204,164)
Return of members' patronage capital	(7,481)	(18,930)
Redemption of temporary patronage capital	(14,128)	(12,733)
Costs of new debt issuances	(9,136)	(11,629)
Notes received from members—net	2,980	3,302
Net cash provided by financing activities	14,598	70,846
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,894)	11,115
CASH AND CASH EQUIVALENTS—BEGINNING OF PERIOD	219,803	214,789
CASH AND CASH EQUIVALENTS—END OF PERIOD	\$ 212,909	\$ 225,904

Notes to consolidated financial statements – The interim financial statements as of June 30, 2025 are unaudited. In the opinion of management, all adjustments (which are normal recurring adjustments) have been made for a fair and accurate presentation of the financial reports. The interim financial statements should be read in conjunction with the notes to the consolidated financial statements included in the 2024 Annual Report.

FINANCIAL HIGHLIGHTS — FINANCIAL CONDITION

Assets

Utility plant—net increased \$120.4 million to \$1,967 million as of June 30, 2025, largely due to capital additions and capital spending on area and regional transmission projects outpacing the depreciation of existing utility plant assets.

Other assets and investments decreased \$126.9 million to \$974.0 million as of June 30, 2025. Deferred charges—plant retirements decreased \$75.7 million due to the amortization of retired plant costs. Derivative instruments—noncurrent decreased \$41.0 million driven primarily by a decrease in the forward pricing of the noncurrent portion of the energy component (financial settlement) of a bilateral contract as well as the contract being an additional year closer to the end date when compared to the same period last year. Deferred charges—other decreased \$11.2 million largely due to the reduction in the regulatory asset offsetting the decreased deferred income tax liability (discussed below), offset by the deferral of costs for the Spiritwood Station (SWS) major outage that began in late May. Deferred charges—financing related decreased \$6.8 million due to continued amortization of settled interest rate swaps. These decreases were offset slightly by a \$3.1 million increase in other long-term assets which is largely driven by installment payments made for long-lead time assets related to upcoming transmission projects.

Current assets increased \$46.2 million to \$571.6 million as of June 30, 2025. Derivative instruments—current increased \$25.4 million due to an increase in forward pricing of the current portion of the financial settlement contract (discussed previously) and the addition of new interest rate hedges, partially offset by the settlement of interest rate hedges in connection with a 2025 debt issuance and decreased congestion reducing values on the Financial Transmission Rights (FTR) contracts. Accounts receivable—members increased \$22.1 million as a result of higher member sales compared to the same period in 2024. Prepaids and other current assets increased \$6.4 million due to payments for the major outage at SWS and prepaid member directed resource capacity purchases for the MISO 2025-2026 planning year that started in June 2025. Material and supply inventories increased \$5.4 million due to the purchase of materials for peaking station and transmission capital projects. These increases were offset partially by a \$13.0 million decrease in cash and cash equivalents primarily from principal payments on long-term obligations and capital expenditures for area and regional transmission projects, offset partially by the receipt of the proceeds from the 2024 debt issuance in September.

Capital and liabilities

Total capital increased \$40.8 million to \$670.6 million as of June 30, 2025, as a result of \$62.4 million of net margins during the period, offset partially by the retirement of \$7.5 million of patronage capital and the redemption of temporary patronage capital of \$14.1 million in March 2025.

Other noncurrent liabilities decreased \$9.0 million to \$28.2 million as of June 30, 2025, due to fewer construction advances when compared to the same period in 2024, the settlement of environmental asset retirement obligation (ARO) liabilities, as well as several member solar operating lease buyouts that took place during the first half of 2025.

Regulatory liabilities decreased \$49.3 million to \$233.2 million as of June 30, 2025. This was primarily driven by a \$41.1 million decrease in the noncurrent portion of the financial settlement contract (discussed earlier) and the usage of \$22.6 million of member electric deferred revenue in the second half of 2024. This was offset by the reclassification of certain interest rate swaps from regulatory liabilities—current to noncurrent upon settlement of the interest rate swaps related to the 2025 debt issuance.

Long-term obligations—less current portion increased \$54.4 million to \$2,146.1 million as of June 30, 2025, primarily due to the 2024 debt issuance of \$250.0 million. This was offset partially by \$183.2 million of principal payments made during the period and a \$30.0 million decrease in the syndicated credit facility, which had an outstanding balance of \$225.0 million as of June 30, 2025. The June 2025 debt issuance proceeds will be received in September under a delayed draw feature of the offering.

Deferred income taxes decreased \$11.5 million to \$18.4 million primarily due to the utilization of deferred income and net operating losses.

Current liabilities increased \$9.8 million to \$391.2 million as of June 30, 2025. Regulatory liabilities—current of \$25.4 million due to an increase in the valuation of the current portion of the bilateral financial settlement contract (discussed earlier). Notes payable to members increased \$10.0 million due to an increase in daily rate investments via the member investment program. Accrued interest payable also increased \$1.8 million driven by additional interest incurred from the 2024 debt issuance. Long-term obligations—current decreased \$25.9 million due to payments made on several outstanding debt instruments. Property and other taxes decreased by \$1.2 million, mainly due to changes in the estimated Minnesota property tax accruals.

FINANCIAL HIGHLIGHTS — RESULTS OF OPERATIONS

Electric revenue increased \$72.8 million or 15.8% for the six-month period ended June 30, 2025, compared to the same period in 2024. The increase in sales was driven by member demand and energy unit sales from all-requirements members that were 12.9% and 4.1% higher due to more normal winter and spring weather in 2025 versus the very mild winter and spring in 2024, along with a 5.7% average member electric rate increase in 2025, partially offset by a power cost adjustment (PCA) credit of \$2.5 million through June 30, 2025, versus a \$5.6 million charge last year.

Other operating revenue increased \$3.2 million or 9.6% for the six-month period ended June 30, 2025, primarily fueled by higher net revenues from inter-utility transmission agreements and increased steam sales revenue compared to the same period last year.

Purchased power increased \$25.7 million or 11.4% for the six-month period ended June 30, 2025, compared to the same period in 2024. This increase was largely due to higher net MISO market purchases (driven mostly by higher market prices, about 26.8% higher on average as compared to the same period last year) and a decrease in congestion patterns which led to a reduction in FTR revenue (which increases purchased power expenses). This was offset partially by lower wind output and a \$37.5 million decrease in purchases related to the bilateral financial settlement contract (discussed earlier).

Fuel increased \$4.2 million or 42.6% for the six-month period ended June 30, 2025, primarily due to a 76.1% increase in GWh output at peaking plants, along with elevated natural gas prices at Spiritwood Station despite reduced fuel consumption compared to the prior-year period.

Operations and maintenance increased \$4.9 million or 4.0% for the six-month period ended June 30, 2025, largely due an increase in transmission and general administrative operations and maintenance expenses due to increased labor costs resulting from higher staffing levels and an increase in GRE's medical and other labor benefits.

Depreciation and amortization decreased \$0.1 million or 0.9% for the six-month period ended June 30, 2025, due to decreased amortization of retired plant assets offset almost entirely by increased depreciation of transmission and peaking plant assets.

Interest income decreased \$1.1 million or 22.0% for the six-month period ended June 30, 2025, due to lower average cash balances and lower interest rates in 2025 compared to the same period last year.

Interest expense – net of amounts capitalized increased \$0.6 million or 0.9% for six-month period ended June 30, 2025, due to higher interest expense on the existing debt portfolio (due to interest expense from the 2024 debt issuance), offset partially by less expense on the existing debt portfolio as principal payments are made and more interest charged to construction.

Nonutility operations decreased \$0.1 million for the six-month period ended June 30, 2025. Income received from equity method investments in 2025 represents GRE's equity investment in ACES Power Marketing.

Net margin (loss) attributable to GRE increased \$40.4 million for the six-month period ending June 30, 2025. The increase was largely driven by higher member sales in the first and second quarters of 2025 compared to the same periods in 2024, reflecting a return to more typical winter and spring weather. Additionally, GRE increased its budgeted margin from \$23.0 million in 2024 to \$45.0 million in 2025. Compared to budget, net margin of \$24.4 million for 2025 and net loss of \$(16.0) million for 2024 were \$14.8 million favorable and \$(12.2) million unfavorable to their respective budgets.

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Great River Energy of Maple Grove, Minnesota, is the second largest electric utility in the state, based on generating capacity, and the fourth largest generation and transmission (G&T) cooperative in the U.S. in terms of assets. We provide wholesale power to 26 distribution cooperatives in Minnesota. Those member cooperatives distribute electricity to approximately 600,000 homes, businesses, and farms.

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