



NORTHWESTERN CORPORATION

(A direct, wholly-owned subsidiary of NorthWestern Energy Group, Inc.)

Financial Statements

For the Period Ending June 30, 2025

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NORTHWESTERN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands)

	Six Months Ended June 30,	
	2025	2024
Revenues		
Electric	\$ 518,650	\$ 512,024
Gas	133,014	131,562
Total Revenues	651,664	643,586
Operating expenses		
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	147,338	181,250
Operating, administrative and general	159,883	149,185
Property and other taxes	87,349	79,881
Depreciation and depletion	99,344	89,130
Total Operating Expenses	493,914	499,446
Operating income	157,750	144,140
Interest expense, net	(57,008)	(49,022)
Other income, net	3,198	11,612
Income before income taxes	103,940	106,730
Income tax expense	(17,660)	(17,007)
Net Income	86,280	89,723

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Six Months Ended June 30,	
	2025	2024
Net Income	\$ 86,280	\$ 89,723
Other comprehensive income (loss), net of tax:		
Reclassification of net losses on derivative instruments	226	226
Foreign currency translation	5	(2)
Total Other Comprehensive Income	231	224
Comprehensive Income	\$ 86,511	\$ 89,947

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	As of June 30, 2025	As of December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,567	\$ 1,934
Restricted cash	12,796	13,894
Accounts receivable, net	125,918	149,101
Accounts receivable from related parties	—	1,569
Inventories	91,163	89,506
Regulatory assets	63,757	27,650
Prepaid expenses and other	15,245	25,874
Total current assets	310,446	309,528
Property, plant, and equipment, net	5,424,451	5,305,002
Goodwill	263,807	263,807
Regulatory assets	682,876	667,423
Other noncurrent assets	32,350	32,147
Total Assets	\$ 6,713,930	\$ 6,577,907
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of finance leases	\$ 3,731	\$ 3,596
Current portion of long-term debt	0	235,959
Accounts payable	78,341	83,915
Accounts payable to related parties	1,544	—
Accrued expenses	224,040	217,003
Regulatory liabilities	14,687	15,105
Total current liabilities	322,343	555,578
Long-term finance leases	0	1,865
Long-term debt	2,515,836	2,170,247
Deferred income taxes	671,477	639,947
Noncurrent regulatory liabilities	560,963	550,428
Other noncurrent liabilities	267,632	271,149
Total Liabilities	4,338,251	4,189,214
Commitments and Contingencies (Note 5)		
Shareholders' Equity:		
Common stock, par value \$0.01	0	0
Paid-in capital	2,048,476	2,045,000
Retained earnings	334,505	351,226
Accumulated other comprehensive loss	(7,302)	(7,533)
Total Shareholders' Equity	2,375,679	2,388,693
Total Liabilities and Shareholders' Equity	\$ 6,713,930	\$ 6,577,907

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Six Months Ended June 30,	
	2025	2024
OPERATING ACTIVITIES:		
Net Income	\$ 86,280	\$ 89,723
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and depletion	99,344	89,130
Amortization of debt issuance costs, discount and deferred hedge gain	1,844	1,845
Stock-based compensation costs	3,476	3,130
Equity portion of allowance for funds used during construction	(3,598)	(8,952)
Loss (gain) on disposition of assets	151	(2)
Deferred income taxes	17,190	15,521
Changes in current assets and liabilities:		
Accounts receivable	26,296	49,893
Inventories	(1,658)	(718)
Other current assets	10,630	(56)
Accounts payable	(15,056)	(9,852)
Accrued expenses	6,861	(2,285)
Regulatory assets	(36,105)	(9,240)
Regulatory liabilities	(419)	(20,031)
Other noncurrent assets and liabilities	(16,820)	(4,571)
Cash Provided by Operating Activities	178,416	193,535
INVESTING ACTIVITIES:		
Property, plant, and equipment additions	(185,687)	(222,096)
Cash Used in Investing Activities	(185,687)	(222,096)
FINANCING ACTIVITIES:		
Distribution of cash to NorthWestern Energy Public Service Corporation	—	(253)
Distribution of cash to NorthWestern Energy Group, Inc.	—	(1,166)
Equity contribution from NorthWestern Energy Group, Inc.	—	60,000
Cash dividends to parent	(103,000)	(32,937)
Issuance of long-term debt	400,000	175,000
Repayments on long-term debt	(236,000)	(100,000)
Line of credit repayments, net	(52,000)	(76,000)
Other financing activities, net	(3,195)	(764)
Cash Used in Financing Activities	5,805	23,880
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(1,466)	(4,681)
Cash, Cash Equivalents, and Restricted Cash, beginning of period	15,828	25,128
Cash, Cash Equivalents, and Restricted Cash, end of period	\$ 14,362	\$ 20,447
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	52,254	47,313
Significant non-cash transactions:		
Capital expenditures included in accounts payable	28,018	23,066

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

(in thousands)

	Number of Common Shares	Number of Treasury Shares	Common Stock	Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 31, 2023	0	—	\$ 0	\$1,981,123	\$ —	\$ 811,456	\$ (7,656)	\$ 2,784,923
Net income	—	—	—	—	—	89,723	—	89,723
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(2)	(2)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	226	226
Stock based compensation	—	—	—	3,129	—	—	—	3,129
Contribution from Northwestern Energy Group, Inc.	—	—	—	60,000	—	—	(325)	59,675
Distribution to NorthWestern Energy Group, Inc.	—	—	—	—	—	(570,372)	—	(570,372)
Dividends on common stock	—	—	—	—	—	(32,937)	—	(32,937)
Balance at June 30, 2024	0	—	\$ 0	\$2,044,252	\$ —	\$ 297,870	\$ (7,757)	\$ 2,334,365
Balance at December 31, 2024	0	—	\$ 0	\$2,045,000	\$ —	\$ 351,226	\$ (7,533)	\$ 2,388,693
Net income	—	—	—	—	—	86,280	—	86,280
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	5	5
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	226	226
Stock based compensation	—	—	—	3,476	—	—	—	3,476
Dividends on common stock	—	—	—	—	—	(103,001)	—	(103,001)
Balance at June 30, 2025	0	—	\$ 0	\$2,048,476	\$ —	\$ 334,505	\$ (7,302)	\$ 2,375,679

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Nature of Operations and Basis of Consolidation

NorthWestern Corporation (NW Corp), a direct wholly-owned subsidiary of NorthWestern Energy Group, Inc., doing business as NorthWestern Energy, provides electricity and / or natural gas to approximately 683,000 customers in Montana and Yellowstone National Park. We have generated and distributed electricity and distributed natural gas in Montana since 2002.

The Condensed Consolidated Financial Statements (Financial Statements) for the periods included herein have been prepared by NW Corp (NorthWestern, we, or us) in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, the interim Financial Statements do not include all of the information and note disclosures required by GAAP for complete financial statements. The preparation of financial statements in conformity with the interim reporting guidance under GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates. Events occurring subsequent to June 30, 2025, have been evaluated as to their potential impact to the Financial Statements through the date of issuance.

Holding Company Reorganization

On October 2, 2023, NorthWestern Corporation (NW Corp) and NorthWestern Energy Group, Inc. completed a merger transaction pursuant to which NorthWestern Energy Group, Inc. became the holding company parent of NW Corp. On January 1, 2024, NorthWestern Energy Group, Inc. completed the second and final phase of the holding company reorganization. NW Corp contributed the assets and liabilities of its South Dakota and Nebraska regulated utilities to NWE Public Service, and then distributed its equity interest in NWE Public Service and certain other subsidiaries to NorthWestern Energy Group, Inc., resulting in NW Corp owning and operating the Montana regulated utility and NWE Public Service owning and operating the Nebraska and South Dakota utilities, each as a direct subsidiary of NorthWestern Energy Group, Inc.

(2) Acquisition

In July 2024, NW Corp entered into an Asset Purchase Agreement with Hope Utilities to acquire its Energy West natural gas distribution system and operations serving approximately 33,000 customers located in Great Falls, Cut Bank, and West Yellowstone, Montana. In May 2025, the Montana Public Service Commission (MPSC) approved this acquisition and on July 1, 2025, NW Corp completed this acquisition for approximately \$36.5 million in cash, which is subject to certain post-closing working capital adjustments. Determination of the final purchase price and allocation to the acquired assets and assumed liabilities are expected to be completed in the second half of 2025. Upon the completion of the acquisition, NW Corp transferred the utility operations to its two wholly-owned subsidiaries, NorthWestern Great Falls Gas LLC and NorthWestern Cut Bank Gas LLC.

(3) Regulatory Matters

Montana Rate Review

In July 2024, we filed a Montana electric and natural gas rate review with the MPSC. In November 2024, the MPSC partially approved our requested interim rates effective December 1, 2024, subject to refund. Subsequently, we modified our request through rebuttal testimony. In March 2025, we filed a natural gas settlement with certain parties. In April 2025, we filed a partial electric settlement with certain other parties. Both settlements are subject to approval by the MPSC.

The partial electric settlement includes, among other things, agreement on base revenue increases (excluding base revenues associated with Yellowstone County Generating Station (YCGS)), allocated cost of service, rate design, updates to the amount of revenues associated with property taxes (excluding property taxes associated with YCGS), regulatory policy issues related to requested changes in regulatory mechanisms, and agreement to support a separate motion for revised electric interim rates. The partial electric settlement provides for the deferral and annual recovery of incremental operating costs related to wildfire mitigation and insurance expenses through the Wildfire Mitigation Balancing Account.

The natural gas settlement includes, among other things, agreement on base revenues, allocated cost of service, rate design, updates to the amount of revenues associated with property taxes, and agreement to support a separate motion for revised natural gas interim rates.

The details of our filing request, as adjusted in rebuttal testimony, are set forth below:

Requested Revenue Increase (Decrease) Through Rebuttal Testimony (in millions)

	Electric	Natural Gas
Base Rates	\$ 153.8	27.9
Power Cost & Credit Adjustment Mechanism (PCCAM) ⁽¹⁾	(94.5)	n/a
Property Tax (tracker base adjustment) ⁽¹⁾	(1.3)	0.1
Total Revenue Increase Requested through Rebuttal Testimony	\$ 58.0	\$ 28.0

(1) These items are flow-through costs. PCCAM reflects our fuel and purchased power costs.

The details of our interim rates granted are set forth below:

Interim Revenue Increase (Decrease) Granted (in millions)

	Electric⁽¹⁾	Natural Gas⁽²⁾
Base Rates	\$ 18.4	\$ 17.4
PCCAM ⁽³⁾	(88.0)	n/a
Property Tax (tracker base adjustment) ⁽³⁾⁽⁴⁾	7.4	0.2
Total Interim Revenue Granted	\$ (62.2)	\$ 17.6

(1) These electric interim rates were effective December 1, 2024, through May 22, 2025. See further discussion on revised electric interim rates below.

(2) These natural gas interim rates were effective December 1, 2024, and are expected to remain in effect until the MPSC final order rates are effective.

(3) These items are flow-through costs. PCCAM reflects our fuel and purchased power costs.

(4) Our requested interim property tax base increase went into effect on January 1, 2025, as part of our 2024 property tax tracker filing.

The details of our settlement agreement are set forth below:

Requested Revenue Increase (Decrease) through Settlement Agreements and Revised Interim Filing (in millions)

	Electric	Natural Gas
<i>Base Rates:</i>		
Base Rates (Settled)	\$ 66.4	\$ 18.0
Base Rates - YCGS (Non-settled) ⁽²⁾⁽³⁾	43.9	n/a
Requested Base Rates for Revised Interim Filing	110.3	18.0
<i>Pass-through items:</i>		
Property Tax (tracker base adjustment) (Settled) ⁽⁴⁾	(5.2)	0.1
Property Tax (tracker base adjustment) - YCGS (Non-settled) ⁽²⁾⁽⁴⁾	4.0	n/a
PCCAM (Non-settled) ⁽²⁾⁽³⁾⁽⁴⁾	(94.5)	n/a
Requested Pass-Through Rates for Revised Interim Filing	(95.7)	0.1
Total Requested Revenue Increase through Revised Interim Filing	\$ 14.6	\$ 18.1

(1) We implemented these electric rates on July 2, 2025, on an interim basis, subject to refund.

(2) These items were not included within the partial electric settlement and will be contested items that are expected to be determined in the MPSC's final order.

(3) Intervenor positions on YCGS propose up to an \$11.6 million reduction to the base rate revenue request and an additional \$38.4 million decrease to the PCCAM base.

(4) These items are flow-through costs. PCCAM reflects our fuel and purchased power costs.

On May 23, 2025, as permitted by Montana statute, we implemented our initially requested electric rates, reflecting a base rate revenue increase of \$156.5 million, on an interim basis, subject to refund with interest. Within our June 30, 2025 financial statements, we have deferred base rate revenues collected between May 23, 2025, and June 30, 2025, down to our requested revised electric interim rates of \$110.3 million as shown within the above table. As of June 30, 2025, we have deferred approximately \$3.5 million of base rate revenues collected. On June 20, 2025, we submitted the revised electric interim rates as shown within the above table to the MPSC for approval. The MPSC subsequently approved this request and the revised rates were implemented on July 2, 2025.

As discussed above, if the MPSC chooses to accept the intervenors positions on the remaining contested issues or does not accept the Settlement Agreements in its final order, losses related to excess interim revenues collected will be incurred. Additionally, any difference between interim and final approved rates will be refunded to customers with interest. However, if final approved rates are higher than interim rates, we will not recover the difference.

A hearing on the electric and natural gas rate review was held in June 2025, and final briefs are due in August 2025. Interim rates will remain in effect on a refundable basis, with interest, until the MPSC issues a final order.

(4) Financing Activities

On March 21, 2025, NW Corp issued and sold \$400.0 million aggregate principal amount of Montana First Mortgage Bonds at a fixed interest rate of 5.07 percent maturing on March 21, 2030. These bonds were issued and sold to certain initial purchasers without being registered under the Securities Act of 1933, as amended (Securities Act), in reliance upon exemptions therefrom in compliance with Rule 144A under the Securities Act, or under Regulation S under the Securities Act for sales to non-U.S. persons. Proceeds were utilized to redeem NW Corp's \$161.0 million of 5.01 percent Montana First Mortgage Bonds due May 1, 2025 and \$75.0 million of 3.11 percent Montana First Mortgage Bonds due July 1, 2025, to repay outstanding borrowings under our NW Corp revolving credit facility, and for general utility purposes.

(5) Employee Benefit Plans

We sponsor and/or contribute to pension and postretirement health care and life insurance benefit plans for eligible employees. We contributed \$4.2 million to our pension plans during the six months ended June 30, 2025. We expect to contribute an additional \$5.8 million to our pension plans during the remainder of 2025.

(6) Commitments and Contingencies

ENVIRONMENTAL LIABILITIES AND REGULATION

Environmental Protection Agency (EPA) Rules

On April 25, 2024, the EPA released final rules related to greenhouse gas (GHG) emission standards (GHG Rules) for existing coal-fired facilities and new coal and natural gas-fired facilities as well as final rules strengthening the MATS requirements (MATS Rules). Compliance with the rules would require expensive upgrades at Colstrip Units 3 and 4 with proposed compliance dates that may not be achievable and / or require technology that is unproven, resulting in significant impacts to costs of the facilities. The final MATS and GHG Rules require compliance as early as 2027 and 2032, respectively.

Previous efforts by the EPA were met with extensive litigation, and this time is no different. We, along with many other utilities, electric cooperatives, organizations, and states, have petitioned for judicial review of the GHG and MATS Rules with the U.S. Court of Appeals for the D.C. Circuit. The United States Supreme Court denied the multiple stay requests related to the MATS Rule and the GHG Rule. The litigation on the merits continues for both the MATS and GHG rules in the D.C. Circuit Court of Appeals, and the cases could be decided in 2025.

On April 8, 2025, President Trump issued a proclamation, "Regulatory Relief for Certain Stationary Sources to Promote American Energy," exempting certain coal plants, including Colstrip Units 3 and 4, from compliance with the MATS Rule through July 8, 2029. If the MATS Rules and GHG Rules are fully implemented, it would result in additional material compliance costs for us. On June 11, 2025, the EPA issued a Notice of Proposed Rulemaking containing two proposals to reform GHG regulations. If either the lead or alternative proposal is adopted, our additional material compliance costs would be eliminated. A virtual public hearing on this Notice of Proposed Rulemaking was held on July 8, 2025, and final comments to this rulemaking are due back by August 7, 2025. On June 11, 2025, the EPA also issued a Notice of Proposed Rulemaking to rescind the 2024 MATS Rule, which if enacted, would restore the original 2012 MATS standards. A virtual public hearing on this Notice of Proposed Rulemaking was held on July 10, 2025, and final comments are due by August 11, 2025. There is no mandated timeline from the close of public comment to the time when the final rules are published.

These GHG Rules and MATS Rules as well as future additional environmental requirements - federal or state - could cause us to incur material costs of compliance, increase our costs of procuring electricity, decrease transmission revenue and impact

cost recovery. Technology to efficiently capture, remove and/or sequester such GHG emissions or hazardous air pollutants may not be available within a timeframe consistent with the implementation of any such requirements.

LEGAL PROCEEDINGS

State of Montana - Riverbed Rents

On April 1, 2016, the State of Montana (State) filed a complaint on remand (the State's Complaint) with the Montana First Judicial District Court (State District Court), naming us, along with Talen Montana, LLC (Talen) as defendants. The State claimed it owns the riverbeds underlying 10 of our, and formerly Talen's, hydroelectric facilities (dams, along with reservoirs and tailraces) on the Missouri, Madison and Clark Fork Rivers, and seeks rents for Talen's and our use and occupancy of such lands. The facilities at issue include the Hebgen, Madison, Hauser, Holter, Black Eagle, Rainbow, Cochrane, Ryan, and Morony facilities on the Missouri and Madison Rivers and the Thompson Falls facility on the Clark Fork River. We acquired these facilities from Talen in November 2014.

The litigation has a long prior history in state and federal court, including before the United States Supreme Court. On April 20, 2016, we removed the case from State District Court to the United States District Court for the District of Montana (Federal District Court). On August 1, 2018, the Federal District Court granted our and Talen's motions to dismiss the State's Complaint as it pertains to the navigability of the riverbeds associated with four of our hydroelectric facilities near Great Falls. The Federal District Court held a bench trial from January 4 to January 18, 2022, which addressed the issue of navigability concerning our other six facilities. On August 25, 2023, the Federal District Court issued its Findings of Fact, Conclusions of Law, and Order (the "Order"), which found all but one of the segments of the riverbeds in dispute not navigable, and thus not owned by the State of Montana. The one segment found navigable, and thus owned by the State, was the segment on which the Black Eagle development was located. Upon the State's motion, the Federal District Court certified the Order for interlocutory appeal to the 9th Circuit Court of Appeals. After briefing and oral argument, the 9th Circuit affirmed the Federal District Court's Order in full on March 4, 2025.

Following the mandate and remand, the District Court will resume jurisdiction to determine damages for the Sun River to Black Eagle Falls Segment of the Missouri River. If the Federal District Court calculates damages as the State District Court did in 2008, we do not anticipate the resulting annual rent for the Black Eagle segment would have a material impact to our financial position or results of operations. We anticipate that any obligation to pay the State rent for use and occupancy of the riverbeds would be recoverable in rates from customers, although there can be no assurances that the MPSC would approve any such recovery.

Other Legal Proceedings

We are also subject to various other legal proceedings, governmental audits and claims that arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to these other actions will not materially affect our financial position, results of operations, or cash flows.