

**FRONTERA GENERATION HOLDINGS LLC AND SUBSIDIARIES**

**Consolidated Financial Statements**

**June 30, 2020**

**Unaudited**

**FRONTERA GENERATION HOLDINGS LLC AND SUBSIDIARIES**

(A Delaware Limited Liability Company)

Consolidated Balance Sheets

(In thousands)

<b>Assets</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Cash	\$ 396	11,753
Restricted cash	9,363	10,765
Accounts receivable – trade	6,418	7,839
Other receivables	1,590	2,448
Deposits	786	1,227
Fuel inventory	363	356
Prepaid expenses and other current assets	8,166	11,102
Total current assets	27,082	45,490
Property, plant, and equipment, net	223,797	224,964
Spare parts inventory	7,315	22,475
Intangible assets, net	110,387	118,879
Other noncurrent asset	4,570	8,036
Total assets	\$ 373,151	419,844
<b>Liabilities and Member's Equity</b>		
Current portion of long-term debt	\$ 3,997	1,935
Accounts payable and other accrued liabilities	8,734	8,471
Accrued interest and fees	8,283	2,029
Derivative instruments, interest rate swaps short term	7,949	—
Total current liabilities	28,963	12,435
Long-term debt	747,249	739,498
Deferred income taxes	3,809	4,642
Derivative instruments, interest rate swaps long term	6,977	11,227
Other noncurrent liabilities	8,222	126
Total liabilities	795,220	767,928
Member's equity	(422,069)	(348,084)
Total liabilities and member's equity	\$ 373,151	419,844

**FRONTERA GENERATION HOLDINGS LLC AND SUBSIDIARIES**  
(A Delaware Limited Liability Company)  
Consolidated Statements of Operations and Comprehensive (Loss) Income  
(In thousands)

	<u>Three Months Ended June 30, 2020</u>	<u>Three Months Ended June 30, 2019</u>	<u>Six Months Ended June 30, 2020</u>	<u>Six Months Ended June 30, 2019</u>
Operating revenue	\$ 21,196	59,631	37,158	96,377
Operating expenses	19,941	28,004	61,559	57,650
General and administration expenses	1,776	1,199	2,715	1,675
Depreciation and amortization	<u>7,227</u>	<u>7,044</u>	<u>14,495</u>	<u>13,986</u>
Total operating expenses	<u>28,944</u>	<u>36,247</u>	<u>78,769</u>	<u>73,312</u>
Operating (loss) income	(7,748)	23,385	(41,611)	23,065
Interest expense, net	12,956	19,583	31,325	37,360
Other income	<u>—</u>	<u>4</u>	<u>1</u>	<u>3</u>
(Loss) Income before income taxes	(20,704)	3,806	(72,935)	(14,292)
Income tax expense	<u>9</u>	<u>1</u>	<u>9</u>	<u>1</u>
Net (loss) income	(20,713)	3,805	(72,944)	(14,293)
Unrealized gain (loss) on foreign currency translation	<u>3</u>	<u>374</u>	<u>(1,041)</u>	<u>(681)</u>
Comprehensive (loss) income	<u>\$ (20,710)</u>	<u>4,179</u>	<u>(73,985)</u>	<u>(14,975)</u>

**FRONTERA GENERATION HOLDINGS LLC AND SUBSIDIARIES**

(A Delaware Limited Liability Company)

Consolidated Statements of Changes in Member's Equity

(In thousands)

	<u>Member's equity</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive loss</u>	<u>Member's equity</u>
Balance, December 31, 2019	\$ (463,822)	118,638	(2,900)	(348,084)
Net loss	—	(52,231)	—	(52,231)
Comprehensive loss:				
Unrealized loss on foreign currency translation	—	—	(1,044)	(1,044)
Total comprehensive loss				<u>(53,275)</u>
Balance, March 31, 2020	<u>(463,822)</u>	<u>66,407</u>	<u>(3,944)</u>	<u>(401,359)</u>
Net loss	—	(20,713)	—	(20,713)
Comprehensive loss:				
Unrealized income on foreign currency translation	—	—	3	3
Total comprehensive loss				<u>(20,710)</u>
Balance, June 30, 2020	<u>\$ (463,822)</u>	<u>45,694</u>	<u>(3,941)</u>	<u>(422,069)</u>

**FRONTERA GENERATION HOLDINGS LLC AND SUBSIDIARIES**

(A Delaware Limited Liability Company)  
Consolidated Statements of Cash Flows  
(In thousands)

	<b>Six Months Ended June 30, 2020</b>	<b>Six Months Ended June 30, 2019</b>
Operating activities:		
Net loss	\$ (72,944)	(14,294)
Adjustments to reconcile net loss to cash provided by:		
operating activities:		
Depreciation	6,003	5,495
Amortization of goodwill and other intangible assets	8,492	8,492
Amortization of debt discount	286	286
Amortization of deferred financing costs	1,591	1,591
Net fair value changes related to derivatives	3,699	7,984
Cumulative translation adjustment	(1,041)	(681)
Deferred income taxes	(833)	(334)
Changes in operating assets and liabilities:		
Accounts receivable – trade	1,421	(2,334)
Accounts receivable – other	858	2,312
Deposits & cash collateralized letters of credit	219	459
Fuel inventory	(7)	434
Prepaid expenses and other current assets	6,624	(1,862)
Spare parts inventory	10,752	125
Accounts payable and other accrued liabilities	8,293	(3,908)
Accrued interest and fees	6,254	—
Net cash (used in) provided by operating activities	<u>(20,333)</u>	<u>3,765</u>
Investing activities:		
Capital expenditures	<u>(362)</u>	<u>(2,308)</u>
Net cash used in investing activities	<u>(362)</u>	<u>(2,308)</u>
Financing activities:		
Payments of long-term debt	(1,814)	(3,876)
Net proceeds from revolving credit facility	9,750	10,000
Net cash provided by financing activities	<u>7,936</u>	<u>6,124</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(12,759)	7,581
Cash, cash equivalents and restricted cash, beginning of year	22,518	22,153
Cash, cash equivalents and restricted cash, end of year	\$ <u>9,759</u>	<u>29,734</u>
Supplemental cash flow disclosures:		
Cash paid for interest and fees	\$ 18,970	27,691