

NEW ISSUE/BOOK-ENTRY

RATING: See “RATING” herein

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2026A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to the status of interest on any Series 2026A Bond for any period that such Series 2026A Bond is held by a “substantial user” of the facilities financed by such Series 2026A Bonds or by a “related person” within the meaning of Section 147(a) of the Code. Interest on the Series 2026A Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. In addition, Bond Counsel observes that such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations. Interest on the Series 2026B Bonds is included in gross income for federal income tax purposes. Under existing statutes, the interest on the Series 2026 Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds. See “TAX MATTERS” herein.

\$9,535,000*

**BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE
(PENNICHUCK WATER WORKS, INC. PROJECT) SERIES 2026**



Comprised of:

\$9,180,000*

**Water Facility Revenue Bonds
(Pennichuck Water Works, Inc. Project)
Series 2026A (AMT)**

\$355,000*

**Water Facility Revenue Bonds
(Pennichuck Water Works, Inc. Project)
Series 2026B (Federally Taxable)**

Dated: Date of Delivery

Due: As Shown on Inside Cover

The Series 2026 Bonds will be issued by the Business Finance Authority of the State of New Hampshire (the “Authority”) pursuant to a Loan and Trust Agreement dated as of June 1, 2026 (the “Agreement”) among the Authority, Pennichuck Water Works, Inc. (the “Borrower”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The proceeds of the Series 2026 Bonds will be loaned to the Borrower to provide funds to finance capital improvements to the Borrower’s water supply and water distribution installations, upgrades, replacements and rehabilitations and related support systems at project sites owned and operated by the Borrower, as more fully described in “PLAN OF FINANCING.”

The Series 2026A Bonds and the Series 2026B Bonds (collectively, the “Series 2026 Bonds”) will be payable solely from revenues received by the Trustee under the Agreement in repayment of the loan made by the Authority to the Borrower under the Agreement. Repayment of the Series 2026 Bonds is unsecured and will be on parity with the Borrower’s obligation to repay certain other unsecured bonds issued on the Borrower’s behalf by the Authority (the “Prior Outstanding Bonds,” as described and defined herein) and any other unsecured, non-subordinated indebtedness of the Borrower. Interest on the Series 2026 Bonds will be payable on each October 1 and April 1, beginning October 1, 2026. Principal or mandatory sinking fund payments on the Series 2026 Bonds will be payable on April 1 as shown herein under “THE SERIES 2026 BONDS” and “THE SERIES 2026 BONDS – Principal, Sinking Fund Installments, and Interest Requirements.”

The Series 2026 Bonds will be issued in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Series 2026 Bonds, when issued, will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2026 Bonds. Purchasers of the Series 2026 Bonds will not receive certificates representing their interests in the Series 2026 Bonds purchased. Ownership by the beneficial owners of the Series 2026 Bonds will be evidenced by book-entry only. Principal of and interest on the Series 2026 Bonds will be paid by the Trustee to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Series 2026 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2026 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See “THE SERIES 2026 BONDS – Book-Entry-Only System.”

The Series 2026 Bonds will be subject to redemption prior to maturity as described herein.

THE SERIES 2026 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY OR OF THE STATE OF NEW HAMPSHIRE OR ANY POLITICAL SUBDIVISION THEREOF EXCEPT TO THE EXTENT PERMITTED BY NEW HAMPSHIRE REVISED STATUTES ANNOTATED CHAPTER 162-I. NO PUBLIC FUNDS MAY BE USED TO PAY THE PRINCIPAL OR PURCHASE PRICE OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2026 BONDS, WHICH SHALL BE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE AGREEMENT. THE AUTHORITY HAS NO TAXING POWER.

The Series 2026 Bonds are offered, subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriter, subject to the approval of legality by Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Borrower by Rath, Young and Pignatelli, P.C., Concord, New Hampshire; and for the Underwriter by Harrington Vitale & Bernardo, Ltd., Providence, Rhode Island. It is expected that delivery of the Series 2026 Bonds will be made through the facilities of DTC in New York, New York, or its custodial agent, on or about June __, 2026.



June __, 2026

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale, of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

THE SERIES 2026 BONDS

Series 2026A Bonds*

Dated: Date of Delivery

Due: April 1

The Series 2026A Bonds will be issuable in fully-registered form without coupons in denominations of \$5,000 or any multiple of \$5,000 in excess thereof. Interest on the Series 2026A Bonds will be payable on each October 1 and April 1, commencing on October 1, 2026.

<u>Due</u> <u>April 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
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\$ _____ % Term Bond due April 1, 20__, Yield: _____ %, CUSIP[†]: _____

\$ _____ % Term Bond due April 1, 20__, Yield: _____ %, CUSIP[†]: _____

\$ _____ % Term Bond due April 1, 20__, Yield: _____ %, CUSIP[†]: _____

\$ _____ % Term Bond due April 1, 20__, Yield: _____ %, CUSIP[†]: _____

Series 2026B Bonds (Federally Taxable) *

Dated: Date of Delivery

Due: April 1

The Series 2026B Bonds will be issuable in fully-registered form without coupons in denominations of \$5,000 or any multiple of \$5,000 in excess thereof. Interest on the Series 2026B Bonds will be payable on each October 1 and April 1, commencing on October 1, 2026.

<u>Due</u> <u>April 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
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* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by FactSet Research Systems, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the Bondowners, and none of the Authority, the Borrower, the Trustee or the Underwriter is responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number assigned to a specific security is subject to change after the issuance of such security based on a number of factors including, but not limited to, a refunding or defeasance in whole or in part of such security or the use of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of such security.

No dealer, broker, salesman or other person has been authorized by the Authority, the Borrower or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Statements contained in this Official Statement, which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information set forth herein has been obtained from the Authority, the Borrower and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority. In accordance with its responsibilities under the federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof.

THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE AGREEMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2026 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Neither the fact that a registration statement or an application for a license has been filed under New Hampshire RSA 421-B with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

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\$9,535,000*
BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE
WATER FACILITY REVENUE BONDS
(PENNICHUCK WATER WORKS, INC. PROJECT) SERIES 2026

Comprised of:

\$9,180,000*
Water Facility Revenue Bonds
(Pennichuck Water Works, Inc. Project)
Series 2026A (AMT)

\$355,000*
Water Facility Revenue Bonds
(Pennichuck Water Works, Inc. Project)
Series 2026B (Federally Taxable)

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the Cover Page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in APPENDIX C hereto.

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page hereof and the appendices hereto, is to furnish certain information relating to: (a) the Business Finance Authority of the State of New Hampshire (the “Authority”); (b) the Authority’s \$9,180,000* Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2026A (AMT) (the “Series 2026A Bonds”) and the Authority’s \$355,000* Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2026B (Federally Taxable) (the “Series 2026B Bonds” and, collectively with the Series 2026A Bonds, the “Series 2026 Bonds”); (c) Pennichuck Water Works, Inc., a New Hampshire public utility corporation (the “Borrower”); and (d) the Project to be financed with the proceeds of the Series 2026 Bonds.

The Authority

The Authority is a body politic and corporate, created and existing under New Hampshire Revised Statutes Annotated 162-A:3 and authorized by the Constitution and laws of the State of New Hampshire, including specifically New Hampshire RSA Chapter 162-I, as amended from time to time (the “Act”), to issue the Series 2026 Bonds in the manner contemplated by the Loan and Trust Agreement dated as of June 1, 2026 (the “Agreement”) among the Authority, the Borrower and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), relating to the Series 2026 Bonds (the “Agreement”). See “THE AUTHORITY” herein.

The Borrower

The Borrower is a public utility corporation organized under the laws of the State of New Hampshire for the purpose of engaging in business as a private water company and providing service in

* Preliminary; subject to change.

various municipalities in the State of New Hampshire. The Borrower's rates and charges and quality of service are subject to regulation by the New Hampshire Public Utilities Commission (the "New Hampshire PUC"). See "THE BORROWER" herein and APPENDIX A – "INFORMATION REGARDING PENNICHUCK WATER WORKS, INC." hereto.

The Series 2026 Bonds

The Series 2026 Bonds will be issued pursuant to the Agreement. The proceeds of the Series 2026A Bonds and the Series 2026B Bonds will be loaned to the Borrower to: (i) finance capital improvements to the Borrower's water supply and water distribution installations, upgrades, replacements and rehabilitations and related support systems at project sites owned and operated by the Borrower and (ii) pay costs of issuance with respect to the Series 2026 Bonds.

The Series 2026 Bonds will be payable solely from revenues received by the Trustee under the Agreement in repayment of the loans made by the Authority to the Borrower under the Agreement. See APPENDIX C – "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT."

Bondowners' Risks

Payment of the principal of and interest on the Series 2026 Bonds is dependent upon revenues to be derived from the operations of the Borrower. Certain risks are inherent in the production of such revenues. See "BONDOWNERS' RISKS" herein and "Additional Factors Affecting the Business Operations of the Borrower" set forth in APPENDIX A to this Official Statement for a discussion of certain risks associated with ownership of the Series 2026 Bonds.

Appendices

The audited consolidated financial statements of the Borrower's parent, Pennichuck Corporation (the "Parent"), for the fiscal years ending December 31, 2025 and December 31, 2024 are included in APPENDIX B-1 to this Official Statement. Consistent with past practice, the audited consolidated financial statements have been prepared in accordance with accounting standards as promulgated by the Financial Accounting Standards Board ("FASB"), however, the auditor has issued a dual opinion with respect to the reporting standards. See APPENDIX B-1 for the Independent Auditors' Report. The unaudited consolidated financial statements of the Borrower for the fiscal years ending December 31, 2025 and December 31, 2024 are included in APPENDIX B-2 to this Official Statement.

Definitions of certain words and terms used in this Official Statement and a summary of certain provisions of the Agreement are set forth in APPENDIX C to this Official Statement. Such definitions and summary do not purport to be comprehensive or definitive. All references herein to the Agreement are qualified in their entirety by reference to the definitive form of such document.

The Borrower will undertake, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain material events. A description of this undertaking is set forth in this Official Statement under "CONTINUING DISCLOSURE" and the form of Continuing Disclosure Agreement is set forth in APPENDIX E hereto.

THE AUTHORITY

The Authority is a body politic and corporate, created and existing under New Hampshire RSA 162-A:3 and authorized by the Constitution and laws of the State of New Hampshire, including specifically the Act, to issue the Series 2026 Bonds in the manner contemplated by the Agreement. The Authority has adopted resolutions authorizing the issuance of the Series 2026 Bonds. The Authority has authorized the Underwriter to use this Official Statement in connection with the offer and sale of the Series 2026 Bonds.

THE SERIES 2026 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY OR OF THE STATE OF NEW HAMPSHIRE OR ANY POLITICAL SUBDIVISION THEREOF EXCEPT TO THE EXTENT PERMITTED BY NEW HAMPSHIRE RSA CHAPTER 162-I. NO PUBLIC FUNDS MAY BE USED TO PAY THE PRINCIPAL OR PURCHASE PRICE OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2026 BONDS, WHICH SHALL BE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE AGREEMENT. THE AUTHORITY HAS NO TAXING POWER.

The Authority has not participated in the preparation or reviewed or approved this Official Statement except the material under this heading and the section entitled “LITIGATION - The Authority.” The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the information contained under this heading and the section entitled “LITIGATION - The Authority.”

THE BORROWER

The Borrower is a public utility corporation, organized under the laws of the State of New Hampshire for the purpose of engaging in business as a private water company and providing service in various municipalities in the State of New Hampshire. The Borrower’s principal office is located at 25 Walnut Street, Nashua, New Hampshire 03060. The Borrower’s rates and charges and quality of service are subject to regulation by the New Hampshire PUC.

The Borrower is franchised by the New Hampshire PUC to distribute water in the City of Nashua, New Hampshire and in portions of the Towns of Amherst, Atkinson, Bedford, Bow, Center Barnstead, Chester, Derry, Epping, Exeter, Hollis, Hooksett, Lee, Litchfield, Merrimack, Middleton, Milford, Newmarket, North Conway, Pelham, Pittsfield, Plaistow, Raymond, Salem, Sandown, Tilton, Weare, and Windham, New Hampshire. Its transmission mains extend from Nashua into portions of the surrounding towns of Amherst, Litchfield, Merrimack and Milford. The Borrower also owns and operates three stand-alone water systems in Milford. Its franchises in the remaining towns consist of stand-alone satellite water systems. It has no competition in its core franchise area, other than from customers using their own wells. The Borrower serves approximately 39,500 customers as of December 31, 2025 and its 2025 revenues totaled approximately \$58.3 million. For the 12 months ended December 31, 2025, approximately 17.5% of its water revenues were derived from commercial and industrial customers and approximately 63% from residential customers, with the balance being derived from fire protection and other billings to municipalities, principally the City of Nashua and the Towns of Amherst, Bedford, Derry, Litchfield, Londonderry, Merrimack, Milford, Pelham, and Raymond, New Hampshire.

See APPENDIX A - “INFORMATION REGARDING PENNICHUCK WATER WORKS, INC.” for more information about the Borrower.

The Borrower is a subsidiary of Pennichuck Corporation (the “Parent”), a holding company based in Nashua, New Hampshire. The City of Nashua, New Hampshire, is the sole shareholder of the Parent,

having acquired the Parent in January 2012. None of the Parent, the City of Nashua, or any of the Parent’s other subsidiaries is obligated, directly or indirectly, to make any payments with respect to the Series 2026 Bonds.

PLAN OF FINANCING

At the request of the Borrower, the Authority will issue and sell to the Underwriter named herein, \$9,535,000[†] aggregate principal amount of the Series 2026 Bonds. Pursuant to the Agreement, on the date of issuance of the Series 2026 Bonds, the Authority will loan to the Borrower the proceeds of (a) the Series 2026A Bonds in the amount of \$_____, of which (i) \$_____ shall be deposited in the Project Fund and will be used to pay Project Costs or to reimburse the Borrower for previously incurred Project Costs, and to pay certain costs of issuance allocable to the Series 2026A Bonds, and (ii) \$_____ shall be deposited in the Bond Fund to be applied on the first interest payment date relating to the Series 2026A Bonds to pay a portion of the interest due thereon; and (b) the Series 2026B Bonds in the amount of \$_____, which shall be deposited in the Project Fund to pay the costs of issuing the Series 2026B Bonds and the Series 2026A Bonds, if necessary.

SOURCES AND USES OF FUNDS

The following is a summary of the estimated sources of funds and the uses of such funds:

Sources of Funds:

Principal Amount of the Series 2026A Bonds	\$_____
[Net] Original Issue Premium/Discount	
Principal Amount of the Series 2026B Bonds	_____
Total Sources of Funds:	\$_____

Uses of Funds:

Loan to Borrower for Project Costs (Series 2026A Bonds)	\$_____
Costs of Issuance Payable out of Bond Proceeds	
Underwriter’s Discount	
Authority Fees	
Bond Fund (Series 2026A Bonds)*	_____
Total Uses of Funds:	\$_____

 * Represents funds not needed for Project Costs that will be applied to the October 1, 2026 interest payment on the Series 2026A Bonds.

THE SERIES 2026 BONDS

Description of the Series 2026 Bonds

The Series 2026 Bonds will be dated their date of issuance and will bear interest from such date, payable on each October 1 and April 1, beginning October 1, 2026, at the rates set forth on the inside cover page hereof and will mature on April 1 of the indicated years and in the principal amounts set forth on the inside cover page hereof. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

Subject to the provisions discussed under “THE SERIES 2026 BONDS – Book-Entry-Only System” below, the Series 2026 Bonds are issuable as fully-registered bonds without coupons in the

Subject to the provisions discussed under “THE SERIES 2026 BONDS – Book-Entry-Only System” below, the Series 2026 Bonds are issuable as fully-registered bonds without coupons in the minimum denomination of \$5,000 or integral multiples of \$5,000 in excess thereof. Principal or redemption premium, if any, of the Series 2026 Bonds will be payable at the principal corporate trust office of the Trustee, and interest on the Series 2026 Bonds will be paid by check or draft mailed to the registered owner as of the fifteenth day of the month preceding the month in which the interest is to be paid (the “Record Date”), or by wire transfer as provided in the Agreement.

Principal, Sinking Fund Installments, and Interest Requirements

The following table sets forth, for each respective year ending December 31, the amounts required to be made available by the Borrower in such year for payment of the principal of and sinking fund installments on the Series 2026 Bonds, interest on the Series 2026 Bonds in each such year and debt service obligations on the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2014B (Federally Taxable) (the “Series 2014B Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2018A (AMT) (the “Series 2018A Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2018B (Non-AMT) (the “Series 2018B Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2019A (AMT) (the “Series 2019A Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2020A (AMT) (the “Series 2020A Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Refunding Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2020C (Federally Taxable) (the “Series 2020C Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2021A (AMT) (the “Series 2021A Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2022A (AMT) (the “Series 2022A Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2022B (Federally Taxable) (the “Series 2022B Bonds,” and together with the Series 2022A Bonds, the “Series 2022 Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2023A (AMT) (the “Series 2023A Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2023B (Federally Taxable) (the “Series 2023B Bonds,” and together with the Series 2023A Bonds, the “Series 2023 Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2024A (AMT) (the “Series 2024A Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2024B (Federally Taxable) (the “Series 2024B Bonds,” and together with the Series 2024A Bonds, the “Series 2024 Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2025A (AMT) (the “Series 2025A Bonds”), the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2025B (Federally Taxable) (the “Series 2025B Bonds,” and together with the Series 2025A Bonds, the “Series 2025 Bonds”), obligations of the Borrower under loans advanced by the State of New Hampshire (the “State”), obligations of the Borrower under loans advanced by CoBank, ACB (“CoBank”), as well as the total debt service of such obligations of the Borrower.

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Annual Period Ending	Series 2026A Bonds			Series 2026B Bonds			Series 2014B, 2018A, 2018B, 2019A, 2020A, 2020C, 2021A, 2022, 2023, 2024 and 2025 Bonds	Other Debt, Including Obligations under Loans Advanced by the State and CoBank	Total
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Total Debt Service	Total Debt Service	Debt Service
December 31,									
2026									
2027									
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
2038									
2039									
2040									
2041									
2042									
2043									
2044									
2045									
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2047									
2048									
2049									
2050									
2051									
2052									
2053									
2054									
2055									
2056									
2057									
2058									
2059									
2060									
2061									
Total:*	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

* Columns contain rounded amounts and may not sum to the stated totals.

Redemption of the Series 2026 Bonds

Mandatory Sinking Fund Redemption of the Series 2026 Bonds.

The Series 2026A Bonds maturing April 1, 20__, April 1, 20__, April 1, 20__ and April 1, 20__ (to be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee) shall be redeemed at their principal amounts without premium on April 1 of each of the years and in the amounts as follows:

<u>20__ Bond</u>		<u>20__ Bond</u>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>

* Maturity

<u>20__ Bond</u>		<u>20__ Bond</u>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>

* Maturity

** Final maturity

The Borrower may purchase Series 2026 Bonds of any series and maturity and credit them against the principal payment for such maturity or, as the case may be, any sinking fund installment for such maturity at the principal amount or applicable redemption price, as the case may be, by delivering them to the Trustee for cancellation at least sixty (60) days before the principal payment date or sinking fund installment date.

Special Redemption of the Series 2026 Bonds. The Series 2026 Bonds are subject to redemption, at the option of the Borrower, in the event that there is damage to or destruction or taking of the Project that produces proceeds of insurance or condemnation awards. In the case of a casualty or taking producing proceeds of insurance or eminent domain proceeds, the Series 2026 Bonds shall be subject to special redemption only to the extent such proceeds exceed the lesser of ten percent (10%) of the fully insurable value of the Project prior to the time of such casualty or taking as determined by the Trustee (who may rely on the advice of a consultant in making such determination) or twenty percent (20%) of the principal amount of Outstanding Bonds. Upon such determination and payment by the Borrower of such proceeds to the Trustee, the Trustee shall use the same to redeem Series 2026 Bonds. The Series 2026 Bonds are subject to redemption pursuant to the Agreement as a whole or in part at any time, in such order of maturity or sinking fund installments, if any as directed by the Borrower (provided that, if less than all of the Series 2026 Bonds Outstanding of any maturity shall be called for redemption, the Series 2026 Bonds to be so

redeemed shall be selected, subject to the Agreement, by the Trustee by lot (or on a pro rata pass-through distribution of principal basis in the case of the Series 2026B Bonds, as described under “Optional Prepayments of the Series 2026B Bonds with Make-Whole Amount”) or in any customary manner of selection as determined by the Trustee), at their principal amounts plus accrued interest to the redemption date. If the amount available in the Bond Fund to redeem Series 2026 Bonds at any time is less than \$50,000, the Trustee may, and upon written direction of the Borrower shall, credit such amount against deposits otherwise required to be made therein with respect to principal instead of calling Series 2026 Bonds for redemption. Any special redemption of: (i) Series 2026A Bonds shall be at a price of par; and (ii) Series 2026B Bonds shall be at par plus the applicable Make-Whole Amount.

Optional Redemption of the Series 2026A Bonds. The Series 2026A Bonds (except such Series 2026A Bonds maturing on or before April 1, 2033, which are not subject to redemption prior to maturity unless redeemed pursuant to the special redemption provisions described above) are redeemable prior to maturity beginning April 1, 2033, at the option of the Borrower by the written direction of the Borrower to the Authority and the Trustee. Such redemption shall be in whole or in part at any time, in such order of maturity or sinking fund installments, if any, as directed by the Borrower (provided that, if less than all of the Series 2026A Bonds Outstanding of any maturity shall be called for redemption, the Bonds to be so redeemed shall be selected, subject to the Agreement, by the Trustee by lot or in any customary manner of selection as determined by the Trustee), at par plus accrued interest to the redemption date.

Optional Prepayment of the Series 2026B Bonds with Make-Whole Amount. The Borrower may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Series 2026B Bonds, on a pro rata pass-through distribution of principal basis and not in inverse order of maturity, in an amount not less than 10% of the aggregate principal amount of the Series 2026B Bonds then Outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Borrower will give, or cause to be given, each holder of Series 2026B Bonds written notice of each optional prepayment not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Series 2026B Bonds to be prepaid on such date, the principal amount of each Series 2026B Bond held by such holder to be prepaid, and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Borrower Representative as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two (2) Business Days prior to such prepayment, the Borrower shall deliver to each holder of Series 2026B Bonds to be repaid a certificate of a Borrower Representative specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

“Make-Whole Amount” means, with respect to any Series 2026B Bond, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Series 2026B Bond over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“Called Principal” means, with respect to any Series 2026B Bond, the principal of such Series 2026B Bond that is to be prepaid pursuant to the above or has become or is declared to be immediately due and payable pursuant to acceleration, as the context requires.

“Discounted Value” means, with respect to the Called Principal of any Series 2026B Bond, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as

that on which interest on the Series 2026B Bonds is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” means, with respect to the Called Principal of any Series 2026B Bond, ___% over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Series 2026B Bond.

“Remaining Average Life” means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any Series 2026B Bond, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Series 2026B Bond, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to optional prepayment or acceleration.

“Settlement Date” means, with respect to the Called Principal of any Series 2026B Bond, the date on which such Called Principal is to be prepaid pursuant to optional prepayment or has become or is declared to be immediately due and payable pursuant to acceleration, as the context requires.

Selection of the Series 2026 Bonds for Redemption. If less than all of the Series 2026 Bonds of a series and maturity are to be redeemed, the portion of the Series 2026 Bonds to be redeemed shall be selected by the Trustee by lot (or on a pro rata pass-through distribution of principal basis in the case of the Series 2026B Bonds, as described under “Optional Prepayments of the Series 2026B Bonds with Make-Whole Amount”) or in any customary manner of selection as determined by the Trustee; provided, however, that so long as DTC (as hereinafter defined) or its nominee is the Bondowner, the particular Series 2026 Bonds or portions of the Series 2026 Bonds of such series and maturity to be redeemed shall be selected by DTC in such manner as DTC may determine. If a Series 2026 Bond is of a denomination in excess of five thousand dollars (\$5,000), portions of the principal amount in the amount of five thousand dollars (\$5,000) or any multiple thereof may be redeemed.

Acceleration. The Trustee may, upon the occurrence of an Event of Default, as defined in the Agreement, by written notice to the Borrower and the Authority, declare immediately due and payable the principal amount of the Outstanding Series 2026 Bonds and the payments to be made by the Borrower therefor, and accrued interest and the appropriate Make-Whole Amount, as applicable, on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice. Any acceleration of: (i) Series 2026A Bonds shall be at a price of par; and (ii) Series 2026B Bonds shall be at par plus the applicable Make-Whole Amount.

See APPENDIX C - “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT.”

Notice of Redemption. The Trustee shall give notice of redemption to the Bondowners not less than twenty (20) days nor more than forty-five (45) (sixty (60) in the case of the Series 2026B Bonds) days prior to the date fixed for redemption. Failure to mail notice to a particular Bondowner, or any defect in the notice to such Bondowner, shall not affect the redemption of any other Series 2026 Bond. So long as DTC or its nominee is the Bondowner, the Authority and the Trustee will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (as hereinafter defined), having received notice from a DTC Participant (as hereinafter defined) or otherwise, to notify the Beneficial Owner so affected shall not affect the validity of the redemption. The proposed redemption may be conditioned upon there being on deposit in the Bond Fund on the redemption date sufficient money to pay the full redemption price of Series 2026 Bonds to be redeemed or conditional for any reason.

Effect of Redemption. On the redemption date, the redemption price of each Series 2026 Bond to be redeemed will become due and payable, subject to any conditionality; and from and after such date, notice having been properly given and amounts having been made available and set aside from such redemption in accordance with the provisions of the Agreement, notwithstanding that any Series 2026 Bonds called for redemption have not been surrendered, no further interest or Make-Whole Amount will accrue on any Series 2026 Bonds called for redemption.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2026 Bond certificate will be issued for each maturity of each series of the Series 2026 Bonds, each in the aggregate principal amount of such maturity and series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed

Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with Direct Participants, “DTC Participants”). DTC has a Standard & Poor’s rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2026 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Underwriter, the Trustee or the Authority, subject to any statutory or regulatory

requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2026 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2026 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Each person for whom a Direct or Indirect Participant acquires an interest in the Series 2026 Bonds, as nominee, may desire to make arrangements with such Direct or Indirect Participant to receive a credit balance in the records of such Direct or Indirect Participant, and may desire to make arrangements with such Direct or Indirect Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Direct or Indirect Participant and to have notification made of all interest payments. **NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2026 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2026 Bonds, as nominee for DTC, references herein to the Bondowners or registered owners of the Series 2026 Bonds (other than under the caption "TAX MATTERS" herein) means Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2026 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 2026 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NONE OF THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2026 BONDS UNDER THE AGREEMENT; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2026 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2026 BONDS; (V) ANY

CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2026 BONDS; OR (VI) ANY OTHER MATTER.

No Responsibility of the Authority, the Borrower and the Trustee

NONE OF THE AUTHORITY, THE BORROWER OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2026 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED OWNERS OF THE SERIES 2026 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2026 BONDS.

Certificated Bonds

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Authority and the Trustee. In addition, the Authority may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. If for either reason the Book-Entry Only system is discontinued, the Series 2026 Bond certificates will be delivered as described in the Agreement and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondowner. Thereafter, the Series 2026 Bonds may be exchanged for an equal aggregate principal amount Series 2026 Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Series 2026 Bond may be registered on the books maintained by the Trustee for such purpose only upon the assignment in the form satisfactory to the Trustee. For every exchange or registration of transfer of Series 2026 Bonds, the Authority and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such change or registration of transfer, but no other charge may be made to the Bondowner for any exchange or registration of transfer of the Series 2026 Bonds. The Trustee will not be required to transfer or exchange any Series 2026 Bond during the notice period preceding any redemption if such Series 2026 Bond (or any part thereof), is eligible to be selected or has been selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS

Special, Limited Obligations

The Series 2026 Bonds will be payable solely from revenues received by the Trustee under the Agreement in repayment of the loans made by the Authority to the Borrower. The obligation of the Borrower to make payments under the Agreement is absolute and unconditional. The rights of the Authority under the Agreement (except certain rights to payment of expenses and to indemnification and to certain reserved rights) will be assigned and pledged by the Authority to the Trustee to secure the Series 2026 Bonds. The Series 2026 Bonds are unsecured. There is no security interest in, or pledge of, the Borrower's revenues in support of the Series 2026 Bonds. The facilities constituting the Project are not mortgaged, pledged or otherwise encumbered as security for the Series 2026 Bonds.

In addition, the Series 2026 Bonds are unsecured obligations of the Borrower payable on a parity with the Borrower's unsecured obligations under certain other obligations, specifically: (a) \$4,115,000* of Series 2014B Bonds; (b) \$4,460,000* of Series 2018A Bonds; (c) \$255,000* of Series 2018B Bonds; (d) \$7,160,000* of Series 2019A Bonds; (e) \$6,525,000* of Series 2020A Bonds; (f) \$67,390,000* of Series 2020C Bonds; (g) \$4,615,000* of Series 2021A Bonds; (h) \$6,235,000* of Series 2022A Bonds; (i) \$5,825,000* of Series 2023A Bonds; (j) \$9,305,000* of Series 2024A Bonds; (k) \$13,980,000* of Series 2025A Bonds; and (l) any other unsecured, non-subordinated indebtedness of the Borrower. The Borrower's obligation to the Parent with respect to the Parent's obligation to the City of Nashua (referred to as the City Bond Fixed Revenue Requirement ("CBFRR")) is subordinate in payment to the Series 2026 Bonds and the other unsecured obligations of the Borrower referred to herein. The original principal amount of the CBFRR was \$145,570,000, which was modified to \$150,570,000 in the Borrower's most recent rate case with the New Hampshire PUC, and is inclusive of the funding for the rate stabilization funds of the Borrower. The purpose of the CBFRR is to reimburse the City for certain of its acquisition costs. The Parent's payments under the CBFRR obligation come from payments made by the Borrower. The Borrower's monthly payment is approximately \$734,000 per month.

The Authority has no obligation, directly or indirectly, to pay principal of, premium, if any, and interest on the Series 2026 Bonds, or expenses of operation, maintenance and upkeep of the Project, except from Series 2026 Bond proceeds or from funds received under the Agreement, exclusive of funds received under the Agreement by the Authority for its own use. The Agreement does not create any debt of the State with respect to the Project other than a special obligation of the Authority acting on behalf of the State pursuant to the Act. No Series 2026 Bond shall constitute an indebtedness of the State or the Authority except to the extent permitted by the Act. Nothing contained in the Agreement shall in any way obligate the State to raise any money by taxation or use other public funds for any purpose in relation to the Project. Neither the State nor the Authority shall pay or promise to pay any debt or meet any financial obligation to any person at any time in relation to the Project except: (a) from moneys received or to be received under the provisions in the Agreement or derived from the exercise of the Authority's rights under the Agreement, other than moneys received for its own purposes; or (b) as may be required by law other than the provisions of the Act. Nothing contained in the Agreement shall be construed to require or authorize the Authority to operate the Project itself or to conduct any business enterprise in connection therewith.

Additional Borrowings

The Borrower agrees that it will not create, issue, incur, assume or guarantee any new Funded Debt (A) if thereby the total outstanding Funded Debt of the Borrower will exceed the sum of its MARA and 85% of its Net Amount of Capital Properties and (B) unless Net Revenues shall equal for at least twelve (12) consecutive months of the fifteen (15) months next preceding the creation of any debt, one and one-tenth (1 1/10) times the maximum amount for which the Borrower will thereafter be obligated to pay in any year on account of Funded Debt incurred on or after the Effective Date, including such new Funded Debt thereafter to be outstanding. For a further description of this covenant and other covenants, see APPENDIX C – "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT."

The Borrower will ensure that the Series 2026 Bonds shall be ranked equally with other Funded Debt. Subject to certain provisions of the Agreement, no Funded Debt which is senior to the Series 2026 Bonds shall be issued as long as the Series 2026 Bonds are outstanding.

* Total balance outstanding as of May 1, 2026.

Rate Covenant

If during any Fiscal Year (the “Test Year”), Borrower’s Net Revenues for such Fiscal Year shall not equal at least one and one-tenth (1 1/10) times all amounts paid or required to be paid by Borrower during the Test Year with respect to Funded Debt, then Borrower shall undertake reasonable efforts to initiate a rate-making proceeding with the New Hampshire PUC that will result, if approved by the New Hampshire PUC, in Borrower’s having Net Revenues in the next succeeding Fiscal Year equal to at least one and one-tenth (1 1/10) times all amounts required to be paid by Borrower during such next succeeding Fiscal Year with respect to Funded Debt. Borrower shall not be required to initiate a new rate-making procedure with the New Hampshire PUC pursuant to the Agreement as long as an issue of law or fact substantially the same to that which would be raised by any such new rate-making proceeding is then pending or has been decided pursuant to a non-appealable order of the New Hampshire PUC that prevents raising such issue in subsequent proceedings on appeal or such an issue of law or fact was previously determined adversely on appeal. In addition, Borrower shall not be required to initiate a new rate-making proceeding with the New Hampshire PUC pursuant to the Agreement if Borrower receives an order from the New Hampshire PUC within one-hundred twenty (120) days after the end of the Test Year establishing rates, fees and other charges such that, had such rates, fees and other charges been in effect for the entirety of the Test Year, Borrower would have had Net Revenues in the Test Year equal to at least one and one-tenth (1 1/10) times all amounts paid or required to be paid by Borrower during the Test Year with respect to Funded Debt. Notwithstanding anything in the Agreement relating to the Rate Covenant, all obligations of Borrower under the provision of the Agreement relating to the Rate Covenant are subject to compliance by Borrower with any legislation of the United States, the State or other governmental body, or any regulation or other action taken by the federal government, any State agency, including, without limitation, the New Hampshire PUC, or any political subdivision of the State pursuant to any such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of rates, fees and other charges due to Borrower, and, in all events, the establishment of new rates, fees and other charges by Borrower is subject to the approval of the New Hampshire PUC. For a further description of this covenant and other covenants, see APPENDIX C – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT.”

BONDOWNERS’ RISKS

The following is a discussion of certain risks that could affect payments to be made by the Borrower with respect to the Series 2026 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2026 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in APPENDIX C.

General – Limited Obligations/No Security/Additional Indebtedness

The Series 2026 Bonds are limited obligations of the Authority. The Series 2026 Bonds are payable by the Authority solely from payments to be made by the Borrower pursuant to the Agreement. No representation or assurance can be given that the Borrower will realize revenues in amounts sufficient to make such payments under the Agreement. The realization of future revenues is dependent upon, among other things, government regulations, the capabilities of the management of the Borrower and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Borrower also has payment obligations on certain other bonds issued on its behalf by the Authority. As indicated above, there is no security being provided by the Borrower for repayment of the Series 2026

Bonds. The risk factors discussed and referred to below should be considered in evaluating the ability of the Borrower to make such payments.

Factors Affecting the Business Operations of the Borrower

For factors or events that could adversely affect the Borrower's operations and financial performance see "Additional Factors Affecting the Business Operations of the Borrower" in APPENDIX A attached hereto.

Tax-Exempt Status of the Series 2026A Bonds

The failure by the Borrower to comply with certain legal requirements could cause the inclusion of interest on the Series 2026A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026A Bonds. See "TAX MATTERS." In such event, the Series 2026A Bonds may be redeemed in whole or in part without premium under the circumstances described herein under the caption "THE SERIES 2026 BONDS – Redemption of the Series 2026 Bonds." The Agreement does not provide for the payment of any additional interest or penalty in the event that the interest on the Series 2026A Bonds becomes includable in gross income for federal income tax purposes.

Factors Relating to Security for the Series 2026 Bonds

Enforcement of the remedies under the Agreement may be limited or restricted by federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors and by application of general principles of equity affecting the enforcement of creditors' rights and liens securing such rights, and by the exercise of judicial authority by state or federal courts, and may be subject to delay in the event of litigation or statutory remedy procedures. The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies, and by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors.

Bond Audits

Officials of the Internal Revenue Service (the "IRS") have indicated that more resources will be invested in audits of tax-exempt bonds. The Series 2026 Bonds may be, from time to time, subject to audits by the IRS. In connection with the issuance of Series 2026 Bonds, Bond Counsel is rendering its opinion with respect to the tax-exempt status of interest on the Series 2026 Bonds, as described under the heading "TAX MATTERS" below. Such opinion speaks only as of its date and Bond Counsel has no obligation to monitor compliance following the issuance of the Series 2026 Bonds. The Borrower has agreed to comply with all requirements set forth in a tax agreement. No ruling with respect to the tax-exempt status of interest on the Series 2026 Bonds has been or will be sought from the IRS, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Series 2026 Bonds will not adversely affect the tax-exempt status of interest on the Series 2026 Bonds.

Drinking Water Regulation

Drinking water standards are regulated, to a large extent, by the federal government and the State. Depending on the level at which future regulations are set and the extent to which responsible parties can be identified, future regulations could increase the operating costs of the Water System and place upward pressure on water rates. It is not possible to predict the direction that federal or State regulation will take. See APPENDIX A – "INFORMATION REGARDING PENNICHUCK WATER WORKS, INC. – Regulation."

LITIGATION

The Authority

To the knowledge of the Authority there is no legal action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body for which the Authority has been served with process or official notice or threatened against or affecting the Authority or any reasonable basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Official Statement or the validity of the Series 2026 Bonds, the Agreement or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

The Borrower

No litigation, proceedings or investigations are pending or, to the knowledge of the Borrower, threatened against the Borrower or its officers or property except litigation, proceedings or investigations being defended by or on behalf of the Borrower in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management of the Borrower, will be entirely within the Borrower's applicable self-insurance and insurance policy limits (including primary and excess insurance policies and subject to applicable deductibles and self-insured retentions), or will not have a material adverse effect on the operations or condition, financial or otherwise, of the Borrower. No litigation, investigations or proceedings are now pending or, to the Borrower's knowledge, threatened against the Borrower, which would in any manner challenge the enforceability of the Series 2026 Bonds, the Agreement or any agreement or instrument to which the Borrower is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement, or the corporate existence or powers of the Borrower to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the Borrower of, the Agreement.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), has entered into a Bond Purchase Agreement dated the date hereof relating to the offering and sale of the Series 2026 Bonds. In the Bond Purchase Agreement, the Authority agrees to sell to the Underwriter, and the Underwriter has agreed to purchase from the Authority, the Series 2026 Bonds. The Underwriter will be paid an underwriting fee of \$_____ for the Series 2026A Bonds and \$_____ for the Series 2026B Bonds. Those obligations are also subject to various conditions in the Bond Purchase Agreement being satisfied. The Underwriter has agreed to purchase all of the Series 2026 Bonds if any of the Series 2026 Bonds are not purchased. In the Bond Purchase Agreement, the Borrower will agree to indemnify the Underwriter and the Authority against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Underwriter or the Authority may be required to make in respect of those liabilities, and the Underwriter has agreed to indemnify the Borrower against a certain liability.

TAX MATTERS

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series 2026A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to the status of interest on any such Series 2026A Bond for any period that such Series 2026A Bond is held by a "substantial user" of the facilities financed or refinanced by such Series 2026A Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is of the further opinion that interest on the Series 2026A Bonds is a

specific preference item for purposes of the federal alternative minimum tax imposed on individuals. In addition, Bond Counsel observes that under Section 56A of the Code such interest will be included in the computation of “adjusted financial statement income” of applicable corporations (as defined in Section 59(k) of the Code) and accordingly will be taken into account in the computation of the alternative minimum tax applicable to such corporations. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026A Bonds. The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2026A Bonds. Failure to comply with these requirements may result in interest on the Series 2026A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2026A Bonds. The Authority and the Borrower have covenanted to comply with such requirements to ensure that interest on the Series 2026A Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Interest on the Series 2026B Bonds is included in gross income for federal income tax purposes.

Bond Counsel is also of the opinion that, under existing statutes, the interest on the Series 2026 Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other New Hampshire tax consequences arising with respect to the Series 2026 Bonds. Bond Counsel has not opined as to the taxability of the Series 2026 Bonds or the income therefrom under the laws of any state other than New Hampshire.

To the extent the issue price of any maturity of the Series 2026A Bonds is less than the amount to be paid at maturity of such Series 2026A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2026A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2026A Bonds which is excluded from gross income for federal income tax purposes. For this purpose, in general, the issue price of a particular maturity of the Series 2026A Bonds may be established by reference to the first price at which a substantial amount of such maturity of the Series 2026A Bonds is sold to the public. The original issue discount with respect to any maturity of the Series 2026A Bonds accrues daily over the term to maturity of such Series 2026A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2026A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2026A Bonds. Bondowners should consult their own tax advisors with respect to the tax consequences of ownership of Series 2026A Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2026A Bonds in the original offering to the public at the issue price established therefor.

Series 2026A Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Series 2026A Bonds, or, in some cases, at the earlier redemption date of such Series 2026A Bonds (“Premium Series 2026A Bonds”), will be treated as having amortizable bond premium for federal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Series 2026A Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondowner’s basis in a Premium Series 2026A Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondowner. Holders of Premium Series 2026A Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective owners of the Series 2026A Bonds should be aware that certain requirements and procedures contained or referred to in the Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2026A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken)

or events occurring (or not occurring) after the date of issuance of the Series 2026A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2026A Bonds.

Prospective owners of the Series 2026A Bonds should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Series 2026A Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent such Bondowners from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Series 2026A Bonds from gross income. To date, no such other legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Series 2026A Bonds. Prospective owners of the Series 2026A Bonds are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Series 2026A Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026A Bonds may otherwise affect a Series 2026A Bondowner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Series 2026A Bondowner or the Series 2026A Bondowner's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Series 2026A Bondowners should consult with their own tax advisors with respect to such consequences.

Additional Federal Tax Law Considerations for the Series 2026B Bonds

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series 2026B Bonds acquiring such Series 2026B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates or long-term residents, individual retirement accounts or other tax-deferred accounts, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2026B Bonds as part of a hedge, straddle or an integrated or conversion transaction, certain accrual method taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2026B Bonds under state (other than New Hampshire tax law, as set forth below), local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2026B Bonds pursuant to this offering for the issue price that is applicable to such Series 2026B Bonds within the meaning of Section 1273 of the Code (i.e., the price at which a substantial amount of the Series 2026B Bonds is sold to the public) and who will hold their Series 2026B Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Series 2026B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state

thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust with respect to which a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series 2026B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2026B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2026B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2026B Bonds (including their status as U.S. Holders or Non-U.S. Holders). For purposes of this discussion, a partnership includes any entity or arrangement treated as a partnership for U.S. federal income tax purposes.

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2026B Bonds in light of their particular circumstances.

U.S. Holders

Interest. Payments of interest on a Series 2026B Bond generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder’s regular method of tax accounting), provided such interest is “qualified stated interest” within the meaning of section 1272 of the Code. For purposes of this discussion, the term “qualified stated interest” on a Series 2026B Bond means all interest thereon based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the instrument.

Original Issue Discount. To the extent that the issue price of any maturity of the Series 2026B Bonds is less than the amount to be paid at maturity with respect to such Series 2026B Bonds (excluding amounts stated to be interest and payable at least annually over the term to maturity of such Series 2026B Bonds) by more than a *de minimis* amount (as defined under applicable Treasury Regulations), the difference may constitute original issue discount (“OID”) on such Series 2026B Bonds. U.S. Holders of Series 2026B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Amortizable Bond Premium. Series 2026B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2026B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2026B Bond. Such election may not be revoked without the consent of the IRS. If a U.S. Holder elects to amortize the premium, such U.S. Holder will be required to reduce its U.S. Federal income tax basis in the Series 2026B Bond by the amount of the premium amortized during the holding period of the U.S. Holder. If such U.S. Holder does not elect to amortize the premium, the amount of the premium will be included in its U.S. Federal income tax basis in the Series 2026B Bond, and such unamortized premium will decrease the amount of gain or increase the amount of loss otherwise recognized on the disposition of such Series 2026B Bond. These rules are complex and prospective purchasers of Series 2026B Bonds are urged to consult their own tax advisors regarding the application of the amortizable bond premium rules to their particular situation.

Sale or other Taxable Disposition of a Series 2026B Bond. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other taxable disposition of a Series 2026B Bond will be a taxable event for U.S. federal

income tax purposes. In such event, a U.S. Holder of a Series 2026B Bond generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid qualified stated interest on the Series 2026B Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2026B Bond (generally, the purchase price paid by the U.S. Holder for the Series 2026B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2026B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2026B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such capital gain generally will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Series 2026B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Effect of Defeasance. Defeasance of any of the Series 2026B Bonds may be treated as a taxable constructive exchange of that Series 2026B Bond for the defeased Series 2026B Bond. Assuming that the Series 2026B Bonds are treated as publicly traded debt instruments for U.S. federal income tax purposes (which is expected to be the case), a U.S. Holder of a Series 2026B Bond generally will recognize gain or loss equal to the difference between (i) the fair market value of such U.S. Holder's Series 2026B Bonds on the date of the defeasance (except to the extent of accrued but unpaid interest on the Series 2026B Bonds which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2026B Bonds (generally, the purchase price paid by the U.S. Holder for the Series 2026B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2026B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2026B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such capital gain generally will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Series 2026B Bonds exceeds one year. The deductibility of capital losses is subject to limitations. The Authority may be required to report certain information regarding such a defeasance that may be relevant to U.S. Holders either (1) by filing Form 8937 with the IRS and providing copies to certain of its U.S. Holders or (2) by posting the form on its website.

Information Reporting and Backup Withholding. Payments on the Series 2026B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2026B Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Series 2026B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2026B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including, among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S.

Holders,” payments of principal of, and interest on, any Series 2026B Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, as such term is defined in the Code, which is related to the Authority through stock ownership and (2) a bank which acquires such Series 2026B Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Series 2026B Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding.”

If a Non-U.S. Holder does not claim, or does not qualify for, the benefit of the portfolio interest exemption, the Non-U.S. Holder may be subject to a 30% withholding tax on interest payments on the Series 2026B Bonds. However, the Non-U.S. Holder may be able to claim the benefit of a reduced withholding tax rate (generally on Form W-8BEN or Form W-8BEN-E under an applicable income tax treaty between the Non-U.S. Holder’s country of residence and the United States. Non-U.S. Holders are urged to consult their own tax advisors regarding their eligibility for treaty benefits.

If, under the Code, interest on the Series 2026B Bonds is “effectively connected with the conduct of a trade or business within the United States” by a Non-U.S. Holder (and, if an applicable income tax treaty so requires, is attributable to the conduct of a trade or business through a permanent establishment or fixed base in the United States), such interest will be subject to U.S. federal income tax in a similar manner as if the Series 2026B Bonds were held by a U.S. Holder, as described above, and in the case of Non-U.S. Holders that are corporations such interest may be subject to the U.S. branch profits tax at a rate of up to 30%, unless an applicable income tax treaty provides otherwise. Such Non-U.S. Holder will not be subject to withholding taxes, however, if it provides a properly executed Form W-8ECI to the Authority or its paying agent, if any.

Sale or other Taxable Disposition of a Series 2026B Bond. Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority, or a deemed retirement due to the defeasance of the Series 2026B Bonds) or other disposition of a Series 2026B Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States (in which case the U.S. branch profits tax may also apply), unless an applicable income tax treaty provides otherwise; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading “Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders,” under current U.S. Treasury Regulations, payments of principal and interest on any Series 2026B Bonds to a Non-U.S. Holder will not be subject to any backup withholding tax requirements if the Non-U.S. Holder of the Series 2026B Bond or a financial institution holding the Series 2026B Bond on behalf of the Non-U.S. Holder in the ordinary course of its trade or business provides the certifications described in the following sentence to the payor and the payor does not have actual knowledge that the certifications are false. If a Non-U.S. Holder provides such certifications, the certifications must disclose the name and address of such Non-U.S. Holder, state that such Non-U.S. Holder is not a United States person, or, in the case of an individual, that such Non-U.S. Holder is neither a citizen nor a resident of the United States, and the Non-U.S. Holder must make such certifications under penalties of perjury. The current backup withholding tax rate is 24%.

Payments of interest on the Series 2026B Bonds and proceeds from the sale or other disposition of the Series 2026B Bonds are expected to be reported to the IRS as required by applicable Treasury

Regulations. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established. Payments of proceeds from the sale or other disposition of the Series 2026B Bonds generally will be subject to information reporting if the disposition is effected within the United States or through certain U.S.-related financial intermediaries unless the Non-U.S. Holder provides the applicable withholding agent with a statement certifying, among other things, that the Non-U.S. Holder is not a "United States person" within the meaning of the Code (generally on IRS Form W-8BEN or W-8BEN-E). Payments subject to information reporting may be subject to backup withholding if the Non-U.S. Holder fails to certify the holder's non-U.S. status as described above. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the Non-U.S. Holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders

Certain withholding rules imposed under Section 1471 through 1474 of the Code (otherwise known as the "Foreign Account Tax Compliance Act" or "FATCA") generally impose a 30% U.S. withholding tax on certain payments made (including OID, if any) to non-U.S. financial institutions and certain other non-U.S. financial entities (whether such financial institutions or nonfinancial entities are beneficial owners or intermediaries), unless they satisfy certain due diligence and information reporting requirements. An intergovernmental agreement between the United States and the holder's jurisdiction may modify these requirements. While withholding under FATCA would also have applied to payments of gross proceeds from the sale or other disposition of the Series 2026B Bonds on or after January 1, 2019, proposed U.S. Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Although these U.S. Treasury Regulations are not final, they can be relied upon until final U.S. Treasury Regulations are issued. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could also result in the 30% withholding tax being imposed on certain "passthru" payments with respect to, Series 2026B Bonds held by or through a foreign entity. However, under current guidance, withholding under FATCA will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective holders are encouraged to consult with their own tax advisors regarding the implications of this legislation and the applicable regulations on their investment in a Series 2026B Bond.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2026B Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the Series 2026B Bonds, including the application and effect of state, local, non-U.S. and other tax laws.

Certain ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain restrictions on employee pension and welfare benefit plans subject to ERISA ("ERISA Plans") regarding prohibited transactions and also imposes certain obligations on those persons who are fiduciaries with respect to ERISA Plans. Section 4975 of the Code imposes similar prohibited transaction restrictions on certain plans, including (i) tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under section 501(a) of the Code and which are not governmental or church plans as defined herein ("Qualified Retirement Plans"), and (ii) individual retirement accounts described in Section 408(b) of the Code (the plans described to in clauses (i) and (ii) being hereinafter referred to as "Tax-Favored Plans"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) and, if no

election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements—or Section 4975 of the Code, but may be subject to requirements or prohibitions under applicable federal, state, local, non-U.S. or other laws or regulations that are, to a material extent, similar to the requirements of ERISA and Section 4975 of the Code (“Similar Law”).

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, ERISA Plans are subject to prohibited transaction restrictions imposed by Section 406 of ERISA. ERISA Plans and Tax-Favored Plans are also subject to prohibited transaction restrictions imposed by Section 4975 of the Code.

These rules generally prohibit a broad range of transactions between (i) ERISA Plans, Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and (ii) persons who have certain specified relationships to the Benefit Plans (such persons are referred to as “Parties in Interest” or “Disqualified Persons”), in each case unless a statutory, regulatory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by those definitions, they include most notably: (1) a fiduciary with respect to a Benefit Plan; (2) a person providing services to a Benefit Plan; and (3) an employer or employee organization any of whose employees or members are covered by a Benefit Plan. Certain Parties in Interest (or Disqualified Persons) that participate in a non-exempt prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory, regulatory or administrative exemption is available.

Certain transactions involving the purchase, holding or transfer of the Series 2026 Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the Authority were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor at 29 C.F.R. section 2510.3-101, as modified by Section 3(42) of ERISA (the “Plan Assets Regulation”), the assets of the Authority would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code if the Benefit Plan acquires an “equity interest” in the Authority and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. Although there can be no assurances in this regard, it appears that the Series 2026 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation and accordingly the assets of the Authority should not be treated as the assets of Benefit Plans investing in the Series 2026 Bonds.

However, without regard to whether the Series 2026 Bonds are treated as an equity interest for such purposes, the acquisition or holding of Series 2026 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Authority or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. The fiduciary of a Benefit Plan that proposes to purchase and hold any Series 2026 Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Benefit Plan and a Party in Interest and (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Benefit Plan assets.

Certain status-based exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2026 Bond. These are commonly referred to as prohibited transaction class exemptions or “PTCEs”. Included among these exemptions are:

- PTCE 75-1, which exempts certain transactions between a Benefit Plan and certain brokers-dealers, reporting dealers and banks
- PTCE 96-23, which exempts transactions effected at the sole discretion of an “in-house asset manager”
- PTCE 90-1, which exempts certain investments by an insurance company pooled separate account
- PTCE 95-60, which exempts certain investments effected on behalf of an “insurance company general account”
- PTCE 91-38, which exempts certain investments by bank collective investment funds
- PTCE 84-14, which exempts certain transactions effected at the sole discretion of a “qualified professional asset manager”

In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code, commonly referred to as the “Service Provider Exemption”. The Service Provider Exemption covers transactions involving “adequate consideration” between Benefit Plans and persons who are Parties in Interest solely by reason of providing services to such Benefit Plans or who are persons affiliated with such service providers, provided generally that such persons are not fiduciaries with respect to “plan assets” of any Benefit Plan involved in the transaction and that certain other conditions are satisfied.

The availability of each of these PTCEs and/or the Service Provider Exemption is subject to a number of important conditions which the Benefit Plan’s fiduciary must consider in determining whether such exemptions apply. There can be no assurance that all the conditions of any such exemptions will be satisfied at the time that the Series 2026 Bonds are acquired by a purchaser, or thereafter, if the facts relied upon for utilizing a prohibited transaction exemption change, or that the scope of relief provided by these exemptions will necessarily cover all acts that might be construed as prohibited transactions. Therefore, a Benefit Plan fiduciary considering an investment in the Series 2026 Bond should consult with its own tax advisor prior to making such purchase.

By its acceptance of a Series 2026 Bond, each purchaser will be deemed to have represented and warranted that either (i) no “plan assets” of any Benefit Plan or a plan subject to Similar Law have been used to purchase such Series 2026 Bond or (ii) the purchase and holding of such Series 2026 Bonds is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory, regulatory or-administrative exemption and will not violate Similar Law.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any Benefit Plan fiduciary or other person considering whether to purchase Series 2026 Bonds on behalf of Benefit Plan should consult with its own tax advisor regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. In addition, persons responsible for considering the purchase of Series 2026 Bonds by a governmental plan, non-electing church plan or non-U.S. plan should consult with its own tax advisor regarding the applicability of any Similar Law to such an investment.

THE FOREGOING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT

MAY BE RELEVANT TO A PARTICULAR BENEFICIAL OWNER OF SERIES 2026 BONDS IN LIGHT OF THE BENEFICIAL OWNER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO ANY TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF SERIES 2026 BONDS, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

Opinion of Bond Counsel

On the date of delivery of the Series 2026 Bonds, the Underwriter of the Series 2026 Bonds will be furnished with an opinion of Bond Counsel substantially in the applicable form shown in "Form of Opinion of Bond Counsel" attached hereto as Appendix D.

LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT

The Act provides that bonds of the Authority are securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, trust companies, banking associations, credit unions, building and loan associations, investment companies, executors, administrators, trustees and other fiduciaries, pension, profit-sharing and retirement funds may properly invest funds, including capital in their control or belonging to them. The Act further provides that bonds of the Authority are securities which may properly be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

Notwithstanding the foregoing provisions of the Act, other provisions of New Hampshire law limit permissible investments by certain investors, including some or all of the persons, organizations and entities listed in the preceding paragraph, to eligible investments for savings banks. New Hampshire statutes currently provide that bonds of the Authority rated in the four highest rating categories by a nationally recognized bond rating service are eligible investments for New Hampshire savings banks.

STATE OF NEW HAMPSHIRE NOT LIABLE ON BONDS

The Series 2026 Bonds do not constitute any debt or liability of, or a pledge of the faith and credit of the Authority, the State of New Hampshire, its political subdivisions or any municipality; the principal of, premium, if any, and interest on the Series 2026 Bonds are payable solely from the funds and revenues pledged for their payment in accordance with the Agreement. Nothing herein, in the Agreement or in the Series 2026 Bonds shall directly, indirectly or contingently obligate the Authority, the State of New Hampshire, its political subdivisions or any municipality to levy or pledge any form of taxation or to make any appropriation for the payment of the Series 2026 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2026 Bonds by the Authority are subject to the unqualified approving opinion of Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel to the Authority, substantially in the form attached hereto as APPENDIX D. Certain legal matters will be passed upon for the Borrower by Rath, Young and Pignatelli, P.C., Concord, New Hampshire; and for the Underwriter by Harrington Vitale & Bernardo, Ltd., Providence, Rhode Island.

CONTINUING DISCLOSURE

No financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2026 Bonds and the Authority will not provide any such information. The Borrower

has undertaken all responsibilities for any continuing disclosure to Bondowners as described below, and the Authority shall have no liability to the Bondowners or any other person with respect to such disclosures.

The Borrower and The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the “Dissemination Agent”), are entering into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) for the benefit of the Bondowners and in order to assist the Underwriter in complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The Borrower has covenanted for the benefit of Bondowners to provide certain financial information and operating data relating to the Borrower and the Parent by not later than one hundred eighty (180) days following the end of the Borrower’s fiscal year beginning with the fiscal year ending December 31, 2026 (the “Annual Report”), to provide certain annual operating data relating to the Borrower and to provide notices of the occurrence of certain enumerated events, in accordance with the requirements of the Rule. The Annual Report and notices of material events, if any, will be filed on behalf of the Borrower with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB. The specific nature of the information to be contained in the Annual Report and the notices of certain enumerated events is set forth in Appendix E – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

With respect to previous undertakings of the Company, the audited consolidated financial statements of the Parent for the fiscal years ending December 31, 2020 and December 31, 2019 were filed on a timely basis as an exhibit to the Official Statement dated March 30, 2021, relating to the Series 2021 Bonds, but such information did not appear under certain CUSIP numbers on EMMA. As of March 24, 2022, all such information was refiled or relinked on EMMA.

Other than as described above, the Borrower has complied in all material respects with its disclosure obligations for the outstanding bonds issued on its behalf by the Authority. The Borrower has taken steps to ensure that all future filings will be filed in a timely manner and has made any required filings since the event described above.

RATING

S&P Global Ratings, a Standard & Poor’s Financial Services LLC Business (“S&P”) has assigned the Series 2026 Bonds a rating of “A” with a stable outlook. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained only from S&P. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency issuing the same if, in its judgment, circumstances so warrant. Any such change or withdrawal of such rating could have an adverse effect on the market price of the Series 2026 Bonds. None of the Underwriter, the Borrower, or the Authority has undertaken any responsibility, after the issuance of the Bonds, to oppose any such change or withdrawal.

MISCELLANEOUS

The references herein to the Act, the Agreement and the Continuing Disclosure Agreement are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act, the Agreement and the Continuing Disclosure Agreement. Copies of such documents are on file at the offices of the Underwriter and following delivery of the Series 2026 Bonds will be on file at the office of the Trustee.

The Cover Page hereof and the Appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The Borrower has supplied and reviewed the information contained herein which relates to its property and operations and has approved all such information for use within this Official Statement.

All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed. To the extent that any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The agreement of the Authority and the Borrower with the holders of the Series 2026 Bonds is fully set forth in the Agreement, and neither any advertisement of the Series 2026 Bonds nor this Official Statement, is to be construed as constituting an agreement with the purchasers of the Series 2026 Bonds.

The attached Appendices A through E are integral parts of this Official Statement and should be read in their entirety together with all foregoing statements.

APPENDIX A – “INFORMATION REGARDING PENNICHUCK WATER WORKS, INC.”, APPENDIX B-1 – “AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PENNICHUCK CORPORATION FOR THE FISCAL YEARS ENDING DECEMBER 31, 2025 AND DECEMBER 31, 2024” and APPENDIX B-2 – “UNAUDITED FINANCIAL STATEMENTS OF PENNICHUCK WATER WORKS, INC. FOR THE FISCAL YEARS ENDING DECEMBER 31, 2025 AND DECEMBER 31, 2024” have been supplied by the Borrower.

APPENDIX C – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT” and APPENDIX D – “FORM OF OPINION OF BOND COUNSEL” have been provided by Hinckley, Allen & Snyder LLP, Bond Counsel.

APPENDIX E – “FORM OF CONTINUING DISCLOSURE AGREEMENT” has been provided by Harrington Vitale & Bernardo, Ltd., counsel to the Underwriter.

All appendices are incorporated as an integral part of this Official Statement.

The Authority has consented to the use of this Official Statement. The contents of this Official Statement are the responsibility of the Borrower, except that the Authority is responsible for statements under the heading “THE AUTHORITY” herein and information relating to the Authority under the heading “LITIGATION – the Authority.” The Authority makes no representations with respect to nor warrants the accuracy of any other information. The Borrower has agreed to indemnify the Authority against certain liabilities relating to this Official Statement.

THE SERIES 2026 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY OR OF THE STATE OF NEW HAMPSHIRE OR ANY POLITICAL SUBDIVISION THEREOF EXCEPT TO THE EXTENT PERMITTED BY NEW HAMPSHIRE RSA CHAPTER 162-I. NO PUBLIC FUNDS MAY BE USED TO PAY PRINCIPAL, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2026 BONDS, WHICH SHALL BE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE AGREEMENT. THE AUTHORITY HAS NO TAXING POWER.

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APPENDIX A
INFORMATION REGARDING PENNICHUCK WATER WORKS, INC.

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APPENDIX A

INFORMATION REGARDING PENNICHUCK WATER WORKS, INC.

The information contained in this Appendix A to the Official Statement relates to and has been obtained from Pennichuck Water Works, Inc. (the “Borrower” or “PWW”). The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of the Borrower since the date thereof, or that the information contained in this Appendix A is correct as of any subsequent time. Any terms used in this Appendix A which are not defined herein are defined in the Loan and Trust Agreement relating to the Series 2026 Bonds (the “Trust Agreement”).

General Description of the Borrower

Overview. The Borrower is a utility corporation organized under the laws of the State of New Hampshire (the “State”) for the purpose of engaging in business as a private water company by collecting, storing, treating and distributing potable water for domestic, industrial, commercial and fire protection service in various municipalities in New Hampshire. The Borrower is headquartered in Nashua, New Hampshire, which is located approximately 45 miles north of Boston, Massachusetts.

The Borrower is a wholly owned subsidiary of Pennichuck Corporation (the “Parent” or the “Corporation”). Prior to March 1, 2025, the Parent had five wholly owned subsidiaries. Three of the five subsidiaries - the Borrower, Pennichuck East Utility, Inc. (“PEU”), and Pittsfield Aqueduct Company, Inc. (“PAC”) - were regulated water utility companies in the State. As of March 1, 2025, PEU and PAC each merged with and into the Borrower, with the Borrower as the surviving entity in each merger (the “Mergers”). The Mergers and the impact on the Borrower of such Mergers are described further below. Prior to February 21, 2025, the Parent also had two unregulated subsidiary companies, Pennichuck Water Service Corporation (“Service Corporation”) and The Southwood Corporation (“Southwood”). Service Corporation provides various non-regulated water-related monitoring, maintenance, testing, compliance reporting, billing and customer services for water systems in various towns, businesses and residential communities in and around southern and central New Hampshire. Its most significant contract is with the municipal water system that jointly serves the Towns of Penacook and Boscawen, New Hampshire. Southwood was a real estate holding company that owned a portion of the Corporation’s land holdings in Merrimack, New Hampshire until late 2019 when all of its land holdings were transferred to the Corporation. As of February 21, 2025, Southwood was dissolved. The Parent’s income is derived from the income of its existing subsidiaries, the Borrower and Service Corporation.

The Borrower is subject to certain organizational arrangements and contractual agreements that could influence its liquidity. The Borrower’s dividends to the Parent have historically been the source of a substantial majority of the Parent’s revenue and cash flow, but the Borrower may not pay dividends if the payment would cause its net worth to be less than \$4.5 million. Under the Trust Agreement, the Borrower is subject to a Rate Covenant should the Net Revenues of the Borrower during any fiscal year be less than 1.1 times the total amounts paid on Funded Debt, during that same fiscal year. Net Revenues are defined as earnings before interest, taxes, depreciation and amortization (“EBITDA”). Under the Rate Covenant, as set forth in the Trust Agreement, the Borrower is obligated to use its best efforts to initiate a ratemaking proceeding with the New Hampshire Public Utilities Commission (“NHPUC”) if it is in violation of this covenant for any fiscal year.

The Borrower is also a party to a Money Pool Agreement among the Parent and the two subsidiaries that allows each of the subsidiaries to contribute to and borrow from a common pool of funds.

The Borrower at its discretion may make contributions to the fund, which may be used to make loans to Service Corporation. Loans made to any party under this arrangement are to be repaid with interest to the fund, and the Parent may declare such loans due and payable in an event of default under the terms of any specific loan.

Borrower's Services and Operations. The Borrower is franchised by the NHPUC to distribute water in the City of Nashua, New Hampshire and in portions of the Towns of Amherst, Atkinson, Bedford, Bow, Center Barnstead, Chester, Derry, Epping, Exeter, Hollis, Hooksett, Lee, Litchfield, Londonderry, Merrimack, Middleton, Milford, Newmarket, North Conway, Pelham, Pittsfield, Plaistow, Raymond, Salem, Sandown, Tilton, Weare and Windham New Hampshire. The Borrower also sells water via a special contract to the town of Tyngsboro, Massachusetts. Its transmission mains extend from Nashua into portions of the surrounding towns of Amherst, Litchfield, Merrimack and Milford. The Borrower also owns and operates three stand-alone systems in Milford, New Hampshire. Its franchises in the remaining towns consist of stand-alone satellite water systems. It has no competition in its core franchise area, other than from customers using their own wells. The Borrower serves approximately 39,500 customers, as of December 31, 2025, and its 2025 water revenues totaled approximately \$58.3 million. For the 12 months ended December 31, 2025, approximately 17.5% of its water revenues were derived from commercial and industrial customers, and approximately 63% from residential customers, with the balance being derived from fire protection and other billings to municipalities, principally the City of Nashua and the Towns of Amherst, Bedford, Derry, Litchfield, Londonderry, Merrimack, Milford, Pelham, and Raymond, New Hampshire.

Borrower's Management and Employees. The Borrower is governed by up to a 15-member independent Board of Directors, with 13 positions filled as of May 1, 2026. Each Director is elected on a staggered three-year term. As of May 1, 2026, the 13 members of the Board of Directors were as follows:

C. George Bower, Chairman
Principal, ESRA Consulting, LLC

Ronald J. Houle, MST, CPA
Rayman, Houle, Keating & Albright, PLLC

Lori Wilshire
President of the Board of Alderman of the City of Nashua

Amy Marie R. Corriveau
President, Trinnex, Inc.

Elizabeth A. Dunn
Retired Attorney, Former Assistant Attorney General, State of New Hampshire

H. Scott Flegal
Attorney, Flegal Law Office P.A.

Ralph Jenkins
Retired Partner, Ernst & Young

Jay N. Lustig
Director, Defense and Industrial Solutions, Zilino

John D. McGrath
President of Construction Operations, Methuen Construction Co.

Deborah Novotny
SVP, Commercial Loan Officer IV, Rockland Trust

Sarah Pillsbury, P.G.
Retired, New Hampshire Dept. of Environmental Services Administrator

Brian H. Law
CEO/President, The Law Family Companies

Nadra Bell
IT Manager, MIT Lincoln Laboratory

The Borrower's current executive officers are:

<u>Name</u>	<u>Principal Position</u>
John J. Boisvert	Chief Executive Officer
Christopher Countie	Chief Operating Officer
George Torres	Chief Financial Officer, Treasurer & Secretary
Carol Ann Howe	Assistant Treasurer and Corporate Secretary

The Borrower employs 139 permanent employees and officers, as of May 1, 2026. Of these, there are 84 management and clerical employees who are non-union. The remaining employees are members of the United Steelworkers Union. The current union contract, which became effective November 1, 2024, is for a three-year term and is set to expire on October 31, 2027. Approximately 40% of the Borrower's employees are part of a union. The Borrower believes that its employee relations are good, with both its union and non-union employee base.

The Borrower has had a proactive succession planning program in place for several years, which includes regular and ongoing leadership training for all of its senior management team members and mid-level managers and supervisors, as well as professional development training for all of its employees. The Borrower maintains and updates this plan on an ongoing basis and reviews it with the Board of Directors and the Compensation Committee of the Board annually. This plan identifies potential future retirement dates for all key employees of the Borrower, and has targeted goals, objectives, and milestones for the development of successors within the organization, as well as targeted objectives should replacements need to be provided for from outside the organization. This is inclusive of the current executive officer positions, for which internal candidates for succession of identified roles have been targeted, and for which mentoring and immersion in operating, treasury, financing, and rate setting activities have been implemented and are currently operational. The current Chief Operating Officer of the Borrower, Christopher Countie, succeeded and replaced Donald L. Ware in 2025 in accordance with the Company's succession plan for that office. Prior to his current position, Christopher Countie served the Company in a Director role for its Operations and Water Supply department for over 24 years.

Borrower's Properties. The Borrower's principal land holdings are located throughout its various water systems. Its largest land holdings, consisting of about 500 acres are located in Nashua and in the neighboring towns of Amherst, Merrimack and Hollis, New Hampshire, and are for the purposes of protecting the watershed to Pennichuck Brook which is one of the surface water supplies for its Nashua

water treatment plant. In addition, the Borrower owns four impounding dams which are situated on the border of Nashua and Merrimack, New Hampshire for its Nashua water treatment plant. The Borrower also owns about 238 acres of land in Pittsfield, New Hampshire which is held as watershed protection land to Berry Pond which is the source of supply for the Town of Pittsfield, New Hampshire.

The Borrower has two sources of water for its main treatment plant, either of which can be used as the primary source of water into the plant or combined together in supplying water into that facility for treatment and distribution. The Borrower's preferential primary source of potable water for the Borrower's core system is supplied by pumping water from the Merrimack River in Merrimack, New Hampshire. The Borrower selects or supplements that source, as needed throughout the year, from its second primary source of potable water, which collectively is the "Pennichuck Brook Watershed," consisting of the Pennichuck Brook, Holt Pond, Bowers Pond, Harris Pond and Supply Ponds in the Nashua area that together can hold up to 500 million gallons of water. The Borrower can deliver up to 32 million gallons per day, or mgd, into the distribution system. The average daily demand per day for 2025 was 11.2 mgd, with a peak daily demand in 2025 of 21.7 mgd.

The Borrower owns an Infilco Degremont Water Treatment Plant in Nashua that uses a combination of physical and chemical treatment for the removal of suspended solids and natural organic matter, and carbon filtration to treat the water that the Borrower supplies to its customers. The carbon filtration beds of this plant are replaced or regenerated on a regular cycle of every 1-2 years; two-thirds of the filtration beds were replaced with new carbon in 2022, one-third replaced 2023, with the entire replacement of the filtration beds in 2025. The plant has a rated capacity of 32.0 mgd.

The Borrower owns a raw water intake and pumping facility located on the Merrimack River. The long-standing summer seasonal supply from the Merrimack River was upgraded to a year-round source of supply during 2019, with the construction, installation, and implementation of a new deep-water intake, to replace the in-bank intake that had been in operation for over 30 years as a non-winter "seasonal-only" use facility. Additionally, in late 2020, the pump station at this intake was further upgraded to provide for a third primary pump in the station, to ensure its full usage and availability, even during periods of time when one of the three primary pumps needs to be taken offline for routine maintenance or major rebuild. With these upgrades to that intake facility and the associated pump station, this water supply, as the Borrower's preferential primary year-round source of water is expected to provide a reliable, consistent, and efficient long-term supply for the Borrower's service area. The Borrower's existing pumping facility on the Merrimack River, including the transmission mains to the treatment plant, is capable of providing up to 22.0 mgd.

The Borrower owns 15 water storage reservoirs located throughout its various water systems in New Hampshire, which have a combined total storage capacity of 30.2 million gallons.

Along with the previous described facilities, the Borrower owns 81 structures of various sizes and configurations housing pumping, treatment, electrical and communication equipment used in the provision of potable drinking water in 27 communities in New Hampshire, including Nashua.

As of December 31, 2025, the Borrower's distribution facilities consisted of, among other assets, 798 miles of transmission and distribution mains, 39,255 service connections, and 3,453 hydrants.

Capital Financing Program. An annual bond offering through the Authority is a part of the Borrower's annual financing plan, whereby it funds its ongoing capital projects and infrastructure replacement projects, on a continuum. Historically, the Company has invested up to \$12 million on specific infrastructure replacement projects on an annual basis, including water main replacements, booster station and tank rehabilitation or replacement, replacement of granular activated carbon used in the Borrower's

primary water treatment plant, as well as all other essential capital needs to maintain and service the Borrower's treatment, distribution and support systems, as a regulated water utility. As a result of the Mergers, the Borrower has additional projects to complete and anticipates investing up to \$16 million on such projects for 2026 and future years on an annual basis. The Borrower renewed and increased its fixed asset line of credit as of April 17, 2025 with TD Bank, NA to allow for increased capital project needs from the Mergers.

Merger Transactions with Pennichuck East Utility, Inc. and Pittsfield Aqueduct Company, Inc.

On December 15, 2023, PWW, PEU, and PAC filed a petition with the NHPUC, Docket No. DW 23-101, for approval of the consolidation or merger of PEU into PWW, and all acts and transactions related thereto, and the consolidation or merger of PAC into PWW, and all acts and transactions related thereto, which petition was, on March 29, 2024, amended to include a request for approval of permanent consolidated rates for PWW as the surviving entity of the Mergers. On December 11, 2024, PWW, PEU, PAC, the New Hampshire Department of Energy, the New Hampshire Office of the Consumer Advocate, the City of Nashua, New Hampshire, the Town of Bedford, New Hampshire, the Town of Londonderry, New Hampshire, and the Town of Litchfield, New Hampshire entered into a Settlement Agreement on the Merger of Pennichuck East Utility, Inc. and Pittsfield Aqueduct Company into Pennichuck Water Works, Inc. and Permanent Consolidated Rates for Pennichuck Water Works, Inc. (the "Settlement Agreement"), which was filed with the NHPUC for final approval as part of Docket No. DW 23-101. On January 14, 2025, a final hearing was held with the NHPUC on the Settlement Agreement. On January 28, 2025, the NHPUC issued Order No. 27,098 in docket DW 23-101 approving the Mergers and an associated consolidated tiered rate structure for all customers of the Borrower, PEU, and PAC as presented in the Settlement Agreement (the "NHPUC Mergers Order"). Prior to the issuance of the NHPUC Mergers Order, the Borrower obtained approvals from the City of Nashua and internal company approvals for the Mergers and other items related thereto. The Borrower, PEU, and PAC also obtained any other approvals or consents from lenders or contracting parties as necessary for the Mergers.

On March 1, 2025, the Mergers were effectuated, and the Borrower assumed all rights and obligations of each of PEU and PAC. The table set forth in the Official Statement under "**THE SERIES 2026 BONDS – Principal, Sinking Fund Installments, and Interest Requirements**" demonstrates the total debt service of the Borrower following the Mergers, including debt assumed by the Borrower with CoBank, ACB and the State of New Hampshire.

The benefits of the Mergers included enhanced access to capital for the Borrower by increasing its size and borrowing base, a sustainable rate and operating structure for the former operations of PEU and PAC without unduly burdening the Borrower's customers, and efficiencies to reduce costs for the three previously separated utilities. With the Mergers, the debt of PEU and PAC was assumed by the Borrower. Assumption of this debt by the Borrower did not impact the capitalization of the Borrower, as the dedicated Rate Stabilization Funds that support the assumed debt obligations of PEU and PAC were transferred to the Borrower pursuant to the Mergers and continue to be available to service existing debt. Finally, the Mergers did not negatively impact the Borrower's credit rating because the entities merged were like entities, with a uniform allowed revenue structure, and capital structure, meaning all attributes in support of the Borrower's creditworthiness were unchanged from the Mergers.

Transaction with the City of Nashua

Overview. On January 25, 2012, in full settlement of an Eminent Domain lawsuit filed by the City of Nashua ("City"), which began in 2002, and with the approval of the NHPUC, the City acquired all of the outstanding shares of the Parent and, thereby, indirect acquisition of its regulated subsidiaries. The total amount of the acquisition was \$150.6 million ("Acquisition Price") of which \$138.4 million was for the

purchase of the outstanding shares, \$5.0 million for the establishment of a Rate Stabilization Fund (“RSF”), \$2.6 million for legal and due diligence costs, \$2.3 million for severance costs, and \$1.3 million for underwriting fees. The entire purchase of \$150.6 million was funded by General Obligation Bonds (“City Bonds”) issued by the City. Neither the Parent nor PWW is a party to the City Bonds and neither has guaranteed or is obligated in any manner for the repayment of the City Bonds. The Parent remained a private corporation with an independent Board of Directors, with the City as its sole shareholder. At the time of the City’s acquisition, PWW, PEU, PAC, Service Corporation and Southwood continued as subsidiaries of the Parent, and PWW, PEU and PAC continued as regulated companies under the jurisdiction of the NHPUC. The terms of the City’s acquisition and the requisite accounting and rate-setting mechanisms were agreed to in NHPUC Order 25,292 (“PUC Order”) dated November 23, 2011.

Transactions with related party – City of Nashua. The Parent issued a promissory note to the City in the amount of \$120 million to be repaid over a thirty (30) year period with monthly payments of approximately \$707,000, including interest at 5.75%. The purpose of the note is to reimburse the City for certain of its actual incurred acquisition costs. The Parent’s source of payments under the promissory note come from cash distributions made to the Parent by PWW and Service Corporation. PWW’s distributions to the Parent are approximately \$734,000 per month. In connection with the acquisition, the Parent recorded an additional \$30.6 million as contributed capital from the City.

Rate Stabilization Funds – Restricted Cash. As a part of the acquisition, the Parent agreed to contribute \$5.0 million of the proceeds from the settlement transaction to PWW and its sister subsidiaries, which was used to establish the RSF, at an imprest value of \$5.0 million, allowing for the maintenance of stable water utility levels, and providing a mechanism to provide the subsidiaries with funds to use for its distributions to the Parent, which served to help ensure the Parent’s continued ability to meet its obligations under the promissory note to the City, in the event of adverse revenue developments at PWW and its sister subsidiaries. Amounts shown as restricted cash on the balance sheets of the Parent and PWW consist of amounts set aside in the RSF account, which are adjusted monthly as required in the PUC Order. During 2017, PWW secured further approvals from the NHPUC, with an order pursuant to docket DW16-806, in which the RSF was approved for bifurcation, in order to establish multiple RSF accounts to ensure PWW’s and its sister subsidiaries ability to meet their obligations under the promissory note to the City, but also for all of PWW’s external debt obligations, as well as funding a backstop for the Borrower’s normal operating expenses. The \$5.0 million RSF was bifurcated such that the imprest value of \$680,000 was dedicated to the promissory note to the City (the City Bond Fixed Revenue Requirement Rate Stabilization Fund, or “CBFRR” RSF), \$390,000 was dedicated to principal and interest payments for all of PWW’s external debt (the Debt Service Revenue Requirement 1.0 Rate Stabilization Fund, or “DSRR” 1.0 RSF), \$2.85 million was dedicated to PWW’s normal operating expenses (the Material Operating Expense Revenue Requirement Rate Stabilization Fund, or “MOERR” RSF), and \$1.08 million was reserved to be allocated to PWW’s sister subsidiaries, when and if approved by the NHPUC. Of the \$1.08 million held in reserve for the Borrower’s sister subsidiaries, \$980,000 was approved by the NHPUC in the fall of 2018 for PEU, with the remaining \$100,000 to be held in reserve pending the approval of a request in a docket for PAC. On November 9, 2021, the NHPUC approved Order No. 26,544 which authorized the remaining \$100,000 to be released to PAC and allocated amongst its three RSF accounts. In the NHPUC Mergers Order, the NHPUC approved post-merger Rate Stabilization Fund (RSF) Accounts at the following imprest levels to allow for consolidation or combination of the separate entity RSF Accounts:

City Bond Fixed Revenue Requirement (CBFRR) -RSF	\$724,000
Material Operating Expense Revenue Requirement (MOERR)- RSF:	3,829,000
Debt Service Revenue Requirement – 1.0 (DSRR-1.0)-RSF:	<u>447,000</u>
Total Rate Stabilization Fund:	\$5,000,000

Municipal Acquisition Regulatory Asset (the “MARA”). Pursuant to the PUC Order, the Parent established a regulatory asset (MARA) to represent the amount by which the acquisition price exceeded the net book assets of the Parent’s regulated subsidiaries (PWW, PEU and PAC) as of December 31, 2011. The initial amount of the MARA was approximately \$89.0 million for the regulated companies, offset by a non-regulated amount of approximately \$4.8 million. The MARA is being amortized over a thirty (30) year period in the same manner as the repayment of the debt service for the City Bonds. The MARA was not impacted by the Mergers.

Regulation

The Borrower is regulated by the NHPUC with respect to water rates, financing and provision of service. The Borrower is also subject to Federal and New Hampshire regulation relating to environmental protection and public health and safety.

NHPUC. New Hampshire law provides that a utility is entitled to charge rates which permit it to earn a reasonable return on its rate base, which includes the cost of the property employed in serving its customers, less accrued depreciation, contributed capital and deferred income taxes. The cost of capital permanently employed by a utility in its utility business marks the minimum rate of return that a utility is lawfully entitled to earn on its rate base. Capital expenditures associated with complying with Federal and state water quality standards have historically been recognized and approved by the NHPUC for inclusion in the Borrower’s rate base, although there can be no assurance that the NHPUC will approve future rate relief in a timely or sufficient manner to cover the Borrower’s capital expenditures. Increased monitoring and reporting standards have also led to additional operating costs for the Borrower. The Borrower expects that any additional monitoring and testing costs arising from future EPA and NHDES mandates will eventually be recovered through increases in water rates.

The Borrower’s rates that were in effect during most of 2020 were based upon a November 2017 NHPUC order in which the Borrower was granted an overall permanent rate relief of 10.81% based upon a modified rate methodology filed in that case. These rates in existence for 2020 were the result of a Borrower filed rate case in September 2016, which resulted in the November 2017 NHPUC order under docket DW 16-806 with the PUC, seeking approval for a modified rate methodology that was focused on cash flow coverage, rather than return on rate base. The modified rate structure approved in the case established three principal “buckets” of allowed revenues: (1) CBFRR revenues dedicated to providing revenues required to fund the cash funded from the Borrower to its Parent in order to satisfy PWW’s portion of the annual cash flow need to pay the note obligation to the City from the merger transaction, (2) DSRR revenues dedicated to collecting 110% of the total annual Principal and Interest on all of the Borrower’s existing external debt obligations, and (3) the Operating Expense Revenue Requirement (or OERR) revenues dedicated to collecting 100% of the annual operating expenses of the Borrower from its test year under its most recent rate case. Additionally, the modified rate methodology approved the bifurcation of the RSF fund, as described earlier, to provide a stabilization mechanism behind each of these allowed revenue “buckets,” between filed rate cases with the PUC for the Borrower. Lastly, the modified rate structure established the QCPAC (Qualified Capital Project Annual Adjustment Charge),

whereby the Borrower provides annual submissions to the PUC to gain approval for 110% of the incremental principal and interest for borrowings for capital projects bonded or borrowed annually, as well as 100% of the incremental property taxes for these capital projects.

In late 2020, the Borrower received a final rate Order from the NHPUC, based upon 2018 as a test year, as filed in docket DW 19-084. In this case, the Borrower was seeking an overall requested rate increase of up to 11.91%, inclusive of the QCPAC increases it had already earned in 2019 and in pendency for 2020, which would result in a net overall requested rate increase of up to 7.45% over and above those QCPAC surcharge increases already approved or pending approval. The final Order approved in this case resulted in an 11.85% rate increase, inclusive of the QCPAC surcharges. This case was filed in order to bring the Borrower's current allowed revenues in line with its current operating expenses, as well as the fixed costs associated with the CBFRR and the DSRR, as adjusted annually with the QCPAC process. The Borrower was also seeking, and gained approval for, some further modifications to its overall allowed and approved rate structure, as it pertains to items included for recovery and adjustment, for its ongoing and current operating expenses, including the implementation of a new Material Operating Expense Factor ("MOEF") as a part of its allowed and earned revenues. The Order approved in this docket included the requested rate structure modifications (including a current MOEF of 9.5%), which are now effective on a current basis for the Borrower, in its rates.

In 2022 the Borrower filed for rate relief in docket DW 22-032. In July 2023 the Borrower received a final rate Order from the NHPUC approving rate relief based upon 2021 as a test year, as filed in docket DW 22-032. In this case, the Borrower was seeking an overall requested rate increase of up to 13.06%, inclusive of the QCPAC increases it has already been granted in 2019, 2020 and 2021 which resulted in a net overall rate surcharge of 7.25% over and above the base rates granted in DW 19-084. The final Order approved in this case resulted in an 10.20% rate increase, inclusive of the QCPAC surcharges. This case was filed in order to bring the Borrower's current allowed revenues in line with its current operating expenses, as well as the fixed costs associated with the CBFRR and the DSRR, as adjusted annually with the QCPAC process. The 2023 revenues of the Borrower are inclusive of seven months of the rates approved in DW 19-084 plus the QCPAC's approved in DW 20-020, DW 21-023 and DW 22-006 and the last five months based on the permanent rates granted in DW 22-032 plus a QCPAC surcharge of 1.36% granted in DW 23-015.

Pursuant to the NHPUC Mergers Order, the PWW revenue requirement methodology that was approved in DW 22-032 described above was not impacted by the Mergers. Based on a 2022 test year, the revenue requirement for PWW as the surviving entity in the Mergers is now \$55,763,017. The QCPAC process has and will continue on an annual basis for PWW, with outstanding 2024 QCPAC filings for PWW and PEU which were considered separately for NHPUC approval on a consolidated basis followed by a uniform QCPAC for 2025. The consolidated rate structure accompanying the Mergers is a multi-tiered, inclining block rate structure based on a single tariff that provides a single volumetric rate for all GM customers across the PWW system (inclusive of the former PEU and PAC systems). There is also a new customer rate class, GM-Multi Family volumetric that was created to apply to multifamily buildings to protect customers' non-discretionary water use. The new rates will result in only a slight increase in rates to PWW customers (6.5% increase), while providing for substantial savings to PEU and PAC customers (30.89% decrease for former PEU customers and 14.93% decrease for former PAC customers). The NHPUC found that the consolidated rates as proposed in the Settlement Agreement and approved in the NHPUC Mergers Order are just and reasonable and in the public interest.

On May 1, 2026, the Borrower filed a notice of request to change rates, which will be reviewed and considered by the NHPUC in open docket DW 26-027. If approved, the resulting cumulative QCPAC surcharge would total 6.24%.

Water Quality Regulation. The Borrower is subject to the water quality regulations issued by the EPA and the NHDES. The EPA is required to periodically set new maximum contaminant levels for certain chemicals as required by the Federal Safe Drinking Water Act. The quality of the Borrower's treated water currently meets or exceeds all current standards set by the EPA and the NHDES.

The Borrower's filtration plant in Nashua meets the requirements of the Safe Drinking Water Act and the Borrower's community water systems have wells, with various forms of treatment, that produce water meeting the requirements of the Safe Drinking Water Act.

On March 14, 2023, the EPA released guidance on a nationwide standard for "PFAS," which are a diverse group of human-made chemicals used in a wide variety of consumer and industrial products referred to as per- and polyfluoroalkyl substances. PFAS are often present in water supplies. The EPA guidance included specific limits for the chemicals perfluorooctanoic acid ("PFOA") and perfluoro octane sulfonic acid ("PFOS"), as well as a hazard index for four other components in the PFAS family of chemicals. The most relevant of these to the Borrower is PFOA, as it is the primary PFAS chemical that resides in the region surrounding the Borrower's treatment facilities and service territories. On April 10, 2024, the EPA issued its final rule on PFAS (the "Final Rule") establishing a nationwide "MCL" (Maximum Contamination Limit), as well as the testing and compliance requirements associated with that MCL. The Final Rule provides for a PFOA MCL of 4 ppt. In addition, the Final Rule provides that: (i) public water systems must monitor for these PFAS and have three years to complete initial monitoring (by 2027), followed by ongoing compliance monitoring and must also provide the public with information on the levels of these PFAS in their drinking water beginning in 2027; (ii) public water systems have five years (by 2029) to implement solutions that reduce these PFAS if monitoring shows that drinking water levels exceed these MCLs; and (iii) beginning in 2029, public water systems that have PFAS in drinking water which violates one or more of these MCLs must take action to reduce levels of these PFAS in their drinking water and must provide notification to the public of the violation. The State currently has an MCL in place of 12 ppt (parts per trillion) for PFOA. On May 14, 2025, EPA affirmed the MCLs for PFOA and PFOS, but announced additional pending rulemaking to extend the time for public water system compliance for those two MCLs to 2031. EPA also announced its intent to rescind the MCL regulations for the four other PFAS components and reconsider the hazard index categorization for mixtures of those components. A final rule is anticipated in Spring 2026. The Borrower's two primary sources of raw water have shown those raw water sources to have PFOA influence, as a rule, of between 2 ppt and 8 ppt in one source and 16 ppt and 40 ppt in the other source. The Borrower's current treatment facilities have the ability to consistently treat water to a level of "non detect;" which is less than the available testing limits of 2 ppt. The testing requirements under both the existing New Hampshire MCL and EPA's nationwide MCL for PFAS require testing on a quarterly basis, with compliance based upon a 12-month trailing average of those quarterly results, as a "chronic testing standard." The Borrower, however, has established its own goals at a more conservative level, meeting the standard on a quarterly standalone basis (which is more restrictive than a quarterly averaging basis), to further ensure full compliance with applicable MCL requirements, both now, and as they are lowered by the new, nationwide MCL.

The overall impact of a new, nationwide MCL on the Borrower will be the increased frequency of the change out and replacement of the granular activated carbon ("GAC") in its water treatment plant. This increased frequency of GAC changeouts would result in a higher annual operational expense of as much as \$1 million to \$2 million annually included in the Borrower's operating expenses, for which it expects to seek rate relief in its permanent rates from its State regulatory authority. This increase in operating expenses for the change out of the GAC on a more frequent and annual basis, would shift that financial impact from inclusion of those costs as a capital expenditure every two to three years, to that of an annual operational cost, and as such, would be included as offsetting economic components of its DSRR and OERR portions of its allowed rates, in the transference of those costs and revenue coverage

in its rates. The Borrower is actively monitoring the impact of the Final Rule and whether or not any additional capital project requirements will come out of this process, in addition to the enhancements the Borrower is already undertaking for the enhancement of the chemical feed and storage capacity of its water treatment plant. On January 27, 2025, the Borrower entered into a loan with the State of New Hampshire Department of Environmental Services for funding of up to \$11,450,000.00 from the Per- and Polyfluoroalkyl Substances (PFAS) Remediation Loan Fund (established pursuant to NH RSA 485-H) to finance the design and construction of a new chemical feed and storage improvement project at the Borrower's Nashua Water Treatment Facility to provide more bulk chemical storage as a PFAS remedial action. It is in the process of seeking approvals to enter into an amendment to such loan to increase the loan amount to up to \$17,500,000.00. The Borrower believes that it currently meets the standards set forth in the Final Rule and that its budget will not be materially impacted.

Dam Safety and Maintenance. The Borrower owns five dams which it is required from time to time to repair or upgrade. In 2004, the Borrower spent approximately \$1.0 million to upgrade the spillways and earthen embankments of two of its dams, in order to meet current NHDES and Federal standards. Additionally, in 2016 the Borrower spent approximately \$1.9 million to reconstruct the spillway on another one of its dams. Further upgrades to two of the Borrower's dams (Supply Pond Dam and Harris Dam), which were deferred from initiation in early 2020 due to COVID-19, were once again deferred and then cancelled in 2021 based upon an updated engineering study and specific input and requirement provided by the New Hampshire Department of Environmental Services, Dam Bureau, which determined that the initial upgrades required should be cancelled and replaced with upgrades to the Bowers Pond Dam, only, which is upstream of the two dams noted above. The design of the improvements to the Bowers Dam were completed in 2021 and permitting of the required construction work was completed in 2022. The required improvements to the Bowers Dam were completed in the fourth quarter of 2024. The project was partially funded from a Grant for this project with the New Hampshire Department of Homeland Security and Emergency Management in the amount of about \$790,000. The closing on that Grant occurred in late April 2024.

Additional Factors Affecting the Business Operations of the Borrower

In addition to the factors or events listed under **“BONDHOLDERS’ RISKS - Factors Affecting the Business Operations of the Borrower”** in the Official Statement to which this Appendix A is attached, one or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the Borrower's operations and financial performance to an extent that cannot be determined at this time:

Uncertainty of Rate Relief and Magnitude of Future Rate Relief Requests. The Borrower operates under the jurisdiction of the NHPUC which regulates the rates the Borrower may charge for providing water to its customers. The Borrower's ability to meet its financial objectives is dependent upon the rates it charges its customers. There is no assurance that the NHPUC will approve any future rate relief request; and, even if approved, there is no guarantee that any rate relief will be granted in a timely or sufficient manner to allow the Borrower to meet its ongoing obligations, which includes debt service on the Series 2026 Bonds.

Decreased Consumption by a Significant Commercial, Industrial, or Municipal Customer. The Borrower's revenues will decrease, and such decrease may be material, if a significant commercial or industrial, or municipal customer terminates or materially reduces its use of water. Approximately \$9,600,000 or 17.5% of the Borrower's 2025 water utility revenues was derived from a total of 2,811 commercial and industrial customers, in the aggregate. The Borrower's largest commercial customer is a bottling plant located in Merrimack, New Hampshire, owned by Anheuser- Busch LLC (“AB”), and its largest municipal customer, since 2020, is the town of Hudson, New Hampshire. With respect to AB, for the twelve months ended December 31, 2025, sales to this customer were approximately \$728,706 and

accounted for approximately 1.40% of the Borrower's total water utility revenues for that period. The special water contract that Borrower has in place with AB has a term that will end on June 30, 2031, requires minimum monthly fees (both fixed and volume based), and provides for minimum continuing revenues for a 24-month period should AB wish to terminate the contract early. In late 2025, public news sources announced that AB would be closing its Merrimack, NH facility in early 2026. However, Borrower has not received any notice from AB regarding the closure or the status of its contract with Borrower and AB has remained current on contract payments to date. If AB were to terminate its contract, the Borrower does not anticipate a material impact on revenues given that the revenues from this contract only make up approximately 1.40% of the Borrower's total water utility revenues. With respect to the largest municipal customer, for the twelve months ended December 31, 2025, sales to this customer were approximately \$1,006,400, and accounted for approximately 1.9% of the Borrower's total water utility revenues for the year. The Borrower expects the consumption by this municipality to remain at or above 2025 levels, for 2026.

If any large customer reduces or ceases its consumption of water from the Borrower, the Borrower may seek NHPUC approval to increase the rates for its remaining customers to offset decreased revenues prospectively from the effective date of rate relief. There can be no assurance, however, that the NHPUC would approve such a rate relief request, and even if it did approve such a request, it would not apply retroactively to the date of the reduction in consumption. The delay between such date and the effective date of the rate relief may be significant and could adversely affect the Borrower's operating results and cash flows.

Damage to Capital Assets and Climate Change. The occurrence of natural disasters, such as floods or droughts, could damage the facilities of the Borrower, affect water supply, interrupt services or otherwise impair operations and the ability of the Borrower to produce revenues. A failure of any of the Borrower's four dams could result in injuries and property damage downstream for which it may be liable, and which would very likely adversely affect its ability to supply water in sufficient quantities to its customers. The Borrower has procured "downstream" liability insurance coverage for this risk, in addition to an excess liability insurance policy and a business interruption policy, which could partially or fully mitigate the economic impact of such an event.

The Borrower's water supply and infrastructure are also subject to climate change related risks. Climate change may intensify and increase the frequency of extreme weather events that could damage assets, affect water supply, interrupt services, or otherwise impair operations as set forth above. In order to plan for such events, the Borrower has completed a Risk and Resiliency Analysis in which the Borrower evaluated its most critical assets, staffing, information technology systems and financial resources. Part of this analysis focused on the Borrower's primary and secondary water sources. As a result of such analysis, the Borrower has engaged in long-range water resource planning, related to these water sources to account for a changing climate and to mitigate and manage potential negative impacts. This includes investments the Borrower has made with regards to providing for two mutually exclusive primary sources of water for its treatment facility, either of which can be sourced independently on a year-round basis, or in combination with each other. Additionally, the Borrower has completed bathymetric analyses of its supplemental primary water source, participates in State-wide sponsored efforts surrounding the protection of both of its water sources from future impediments, and is re-evaluating the most current requirements related to current and impending climatic impacts.

Cybersecurity. The Borrower relies on technology to conduct operations. As such, the Borrower's technology systems face multiple and increasingly sophisticated, cybersecurity threats, including but not limited to hacking, viruses, malware or other attacks on its computer and other digital networks and systems. A cybersecurity incident could be due to unintentional actions or targeted, deliberate attacks by individuals,

entities or other actors attempting to gain access to the Borrower’s technology systems. A successful attack on the Borrower’s technology systems could substantially impact operations and damage digital networks and systems that would be costly to remedy. As cybersecurity threats evolve, the Borrower may be required to use additional resources to mitigate risks.

The Borrower completed an ISO 27001 evaluation of its IT infrastructure and networks, to identify and eliminate or essentially mitigate any potential identified threat from that study. Additionally, the Borrower continuously trains all employee users of its cyber network, to maintain best practices and consistently evaluates and updates its cyber risk protection applications. Also, the Borrower participated in an evaluation with its cyber liability insurer and its external cyber security expert, to conduct a full comprehensive review of the Borrower’s cyber protections, in early 2022. From this, additional cyber security protocols and protections were implemented to further “harden” the Borrower’s cyber security measures and abilities. However, the Borrower cannot assure that such measures will adequately guard against all cyber threats or attacks or prevent or mitigate damages resulting from any such threat or attack. As such, the Borrower maintains cyber liability insurance in the amount of \$2,000,000 per occurrence and \$2,000,000 in the aggregate to further mitigate risk, and to enable resumption of normal business operations in an expedited manner. The Borrower has also deployed certain procedures to routinely and regularly train and update protocols, as well as test the efficacy of these procedures, to safeguard the Borrower to the greatest extent against cyber threats.

PFAS Requirements Risk. Please refer to the “Water Quality Regulation” section above, regarding the potential costs and risks associated with the treatment and compliancy with current and emerging PFAS standards, as established by both the NHDES and the EPA.

Miscellaneous Factors. The Borrower’s business is geographically limited. The Borrower’s revenues and operating results are subject to local regulatory, economic, demographic, competitive and weather conditions in its area of operations. A change in any of these conditions could make it more costly or difficult for the Borrower to conduct its business. In addition, the water utility industry in general in the past has experienced, and may in the future experience, problems including (a) the effects of inflation upon the costs of operation of facilities, (b) uncertainties in predicting future demand requirements, and (c) increased financing requirements coupled with the increased costs and uncertain availability of capital.

INFORMATION REGARDING THE BORROWER’S AFFILIATED ENTITIES

Pennichuck Corporation

The Parent’s mission is to be a leading supplier of quality, safe drinking water and water-related services in New England and to achieve sustainable growth in its revenues and earnings by:

Maintaining the current scope of Service Corporation’s water management business with a focus on servicing small and mid-sized water systems, where it believes it can best leverage its capital resources as well as its operating and technical expertise. Service Corporation’s strategy calls for a focus on segments in which it can provide high-quality service in a cost-effective manner, meeting both customer needs and providing for minimum earned contribution margins. These segments include small and mid-size municipal utilities, and small community water systems. Additionally, Service Corporation also provides contracted water and wastewater billing services, customer service line insurance, and meter testing services.

Water Management Services

The Parent complements its water utility business by providing non-regulated, water-related monitoring, maintenance, testing and compliance reporting services for water systems for various towns,

businesses and residential communities primarily in southern and central New Hampshire. It conducts this business through its subsidiary, Service Corporation.

Service Corporation's principal activities consist of providing contract operations and maintenance, meter testing, water testing and water and wastewater billing services to municipalities and small, privately owned community water systems. As of December 31, 2025, Service Corporation was providing such services to 21 operating contracts for a variety of small to mid-sized community water systems.

INSURANCE

The Borrower has insurance coverages in place, for the following areas of coverage and the specified limits of coverage. Insurance is procured on a consolidated group basis for the Borrower in conjunction with the Parent and its other subsidiaries, with the specified coverages being available to any and all of these entities. The coverages listed below are for the specified policy coverage periods.

General Liability	1/1/2026-1/1/2027	\$1,000,000 each occurrence \$500,000 damage to rented premises \$5,000 medical expense (any one person) \$1,000,000 personal injury \$2,000,000 general aggregate \$2,000,000 products aggregate
Automobile Liability	1/1/2026-1/1/2027	\$1,000,000 combined single limit
Umbrella Liability	1/1/2026-1/1/2027	\$10,000,000 each occurrence \$10,000,000 aggregate limit
Worker's Compensation	1/1/2026-1/1/2027	\$500,000 each accident \$500,000 each employee \$500,000 policy limit
Fidelity Bond	1/1/2026-1/1/2027	\$500,000 employee theft \$1,000,000 ERISA Fidelity \$500,000 forgery or alteration \$500,000 on premises crime \$500,000 in transit crime \$500,000 money orders or counterfeit money \$500,000 computer fraud \$500,000 electronic data restoration expense \$150,000 social engineering \$500,000 funds transfer fraud
Cyber Liability	1/1/2026-1/1/2027	\$2,000,000 each occurrence \$2,000,000 aggregate limit

APPENDIX A

Contractor's Pollution Liability	1/1/2026-1/1/2027	\$5,000,000 each pollution condition \$5,000,000 aggregate limit
Directors and Officers	1/1/2026-1/1/2027	\$5,000,000
Employment Practices Liability	1/1/2026-1/1/2027	\$3,000,000
Fiduciary Liability	1/1/2026-1/1/2027	\$2,000,000

LITIGATION

Information regarding litigation with respect to the Borrower is set forth in the body of this Official Statement to which this Appendix A is attached under “**LITIGATION – The Borrower**”.

[Signature Page Follows]

PENNICHUCK WATER WORKS, INC.

By: _____
George Torres
Chief Financial Officer and Treasurer

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APPENDIX B-1

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PENNICHUCK
CORPORATION FOR THE FISCAL YEARS ENDING DECEMBER 31, 2025 AND
DECEMBER 31, 2024**

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PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024



PENNICHUCK CORPORATION AND SUBSIDIARIES

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Independent Auditors' Report

To the Board of Directors and Stockholder of
Pennichuck Corporation and Subsidiaries

Opinions

We have audited the consolidated financial statements of Pennichuck Corporation and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income (loss), comprehensive income (loss), changes in stockholder's equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Unmodified Opinion on Accounting Standards as Promulgated by the Financial Accounting Standards Board

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting standards as promulgated by the Financial Accounting Standards Board ("FASB").

Adverse Opinion on U.S. Generally Accepted Accounting Principles for Governmental Entities

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles for Governmental Entities" section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America for governmental entities, the financial position of the Company as of December 31, 2025 and 2024, or changes in financial position or cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audits 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Principles for Governmental Entities

The Company is a governmental entity as defined by the Governmental Accounting Standards Board ("GASB"). Accordingly, the standards as promulgated by GASB are the appropriate accounting standards for the Company to follow. However, the Company has prepared its financial statements in accordance with accounting standards as promulgated by the FASB even though the Company meets the "governmental" criteria.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 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 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.

CBIZ CPAs P.C.

Merrimack, New Hampshire
April 30, 2026

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2025 and 2024
(in thousands, except share data)

	2025	2024
Assets		
Property, Plant and Equipment, net	<u>\$ 272,598</u>	<u>\$ 266,865</u>
Current Assets		
Cash and cash equivalents	3,425	304
Restricted cash - RSFs and Restricted Accounts	5,350	8,796
Restricted cash - CIAC	134	134
Restricted cash - Bond Project Funds	253	234
Accounts receivable - billed, net of allowance for credit losses of \$51 and \$57, respectively	4,171	5,300
Accounts receivable - unbilled, net of allowance for credit losses of \$0 and \$0, respectively	4,520	3,504
Accounts receivable - other	1,637	19
Inventory	1,354	1,386
Prepaid expenses	713	669
Prepaid property taxes	1,039	943
Refundable income taxes	<u>8</u>	<u>8</u>
Total Current Assets	<u>22,604</u>	<u>21,297</u>
Other Assets		
Right-of-use asset	4,286	4,545
Deferred charges and other assets	4,159	3,143
Derivative instrument	23	--
Acquisition premium, net	<u>55,910</u>	<u>58,318</u>
Total Other Assets	<u>64,378</u>	<u>66,006</u>
Total Assets	<u>\$ 359,580</u>	<u>\$ 354,168</u>

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

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

December 31, 2025 and 2024
(in thousands, except share data)

	2025	2024
Stockholder's Deficit and Liabilities		
Stockholder's Deficit		
Common stock; \$0.01 par value; 1,000 shares authorized, issued and outstanding	\$ --	\$ --
Additional paid in capital	30,561	30,561
Accumulated deficit	(50,816)	(50,100)
Accumulated other comprehensive income	544	527
Total Stockholder's Deficit	(19,711)	(19,012)
Long-Term Debt, Less Current Portion and Unamortized Debt Issuance Costs	246,197	238,084
Current Liabilities		
Lines of credit	8,872	8,833
Current portion of long-term debt	8,264	7,832
Current portion of operating lease liability	271	259
Accounts payable	1,684	3,989
Accrued property taxes	--	4
Contract liability	78	77
Accrued interest payable	1,747	1,536
Other accrued expenses	620	1,011
Accrued wages and payroll withholding	401	320
Customer deposits and other	418	794
Total Current Liabilities	22,355	24,655
Other Liabilities and Deferred Credits		
Deferred income taxes	18,556	19,853
Accrued pension liability	--	768
Unamortized debt premium	3,216	3,380
Deferred investment tax credits	239	272
Regulatory liability	14,670	13,706
Accrued post-retirement benefits	3,820	3,378
Customer advances	84	84
Contributions in aid of construction, net	65,922	64,507
Derivative instrument	--	5
Long-term operating lease liability, net of current portion	4,015	4,286
Other long-term liabilities	217	202
Total Other Liabilities and Deferred Credits	110,739	110,441
Total Stockholder's Deficit and Liabilities	\$ 359,580	\$ 354,168

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

PENNICHUCK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

For the Years Ended December 31, 2025 and 2024
(in thousands)

	2025	2024
Operating Revenues	<u>\$ 60,841</u>	<u>\$ 56,880</u>
Operating Expenses		
Operations and maintenance	34,694	30,290
Depreciation and amortization	9,764	9,410
Taxes other than income taxes	<u>6,507</u>	<u>6,276</u>
Total Operating Expenses	<u>50,965</u>	<u>45,976</u>
Operating Income	9,876	10,904
Interest expense	(11,686)	(13,093)
Other, net	<u>17</u>	<u>19</u>
Loss Before (Provision) Benefit for Income Taxes	(1,793)	(2,170)
(Provision) Benefit for Income Taxes	<u>1,354</u>	<u>(5,992)</u>
Net Loss	<u>\$ (439)</u>	<u>\$ (8,162)</u>

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

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the Year Ended December 31, 2024
(in thousands)

	<u>2025</u>	<u>2024</u>
Net Loss	\$ (439)	\$ (8,162)
Other Comprehensive Income (Loss)		
Unrealized gain (loss) on derivatives	41	41
Reclassification of net income (loss) realized in net loss	(13)	(19)
Income tax provision relating to other comprehensive income (loss)	<u>(11)</u>	<u>(8)</u>
Other Comprehensive Income (Loss)	<u>17</u>	<u>14</u>
Comprehensive Loss	<u>\$ (422)</u>	<u>\$ (8,148)</u>

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

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT) - CURRENT YEAR

For the Year Ended December 31, 2025
(in thousands, except per share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance as of January 1, 2025	\$ 1,000	\$ --	\$ 30,561	\$ (50,100)	\$ 527	\$ (19,012)
Common dividends declared	--	--		(277)	--	(277)
Net loss	--	--	--	(439)	--	(439)
Other Comprehensive Income						
Unrealized gain on derivatives, net of taxes of \$16	--	--	--	--	25	25
Reclassification of net loss realized in net loss, net of taxes of \$5	--	--	--	--	(8)	(8)
Balance as of December 31, 2025	<u>1,000</u>	<u>\$ --</u>	<u>\$ 30,561</u>	<u>\$ (50,816)</u>	<u>\$ 544</u>	<u>\$ (19,711)</u>

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

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT) - PRIOR YEAR

For the Year Ended December 31, 2024
(in thousands, except per share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Total
	Shares	Amount				
Balance as of January 1, 2024	1,000	\$ --	\$ 30,561	\$ (41,660)	\$ 513	\$ (10,586)
Common dividends declared	--	--	--	(278)	--	(278)
Net loss	--	--	--	(8,162)	--	(8,162)
Other Comprehensive Income						
Unrealized gain on derivatives, net of taxes of \$16	--	--	--	--	25	25
Reclassification of net loss realized in net loss, net of taxes of \$8	--	--	--	--	(11)	(11)
Balance as of December 31, 2024	<u>1,000</u>	<u>\$ --</u>	<u>\$ 30,561</u>	<u>\$ (50,100)</u>	<u>\$ 527</u>	<u>\$ (19,012)</u>

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

PENNICHUCK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024
(in thousands)

	2025	2024
Cash Flows From Operating Activities		
Net loss	\$ (439)	\$ (8,162)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	9,870	9,519
Amortization of debt issuance costs	100	1,066
Amortization of deferred investment tax credits	(33)	(33)
Provision for deferred income taxes	(1,330)	6,022
Gain on disposition of property	--	333
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable billed, unbilled and other	(1,499)	(287)
(Increase) decrease in inventory	32	(192)
(Increase) decrease in prepaid expenses	(140)	220
(Increase) decrease in deferred and refundable income taxes	--	21
(Increase) decrease in deferred charges and other assets	247	666
Increase (decrease) in accounts payable and deferred revenue	(2,304)	902
Increase (decrease) in accrued property taxes	(4)	(42)
Increase (decrease) in accrued interest payable	212	62
Increase (decrease) in other	(1,100)	(355)
Net Cash Provided by Operating Activities	<u>3,612</u>	<u>9,740</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment including debt component of allowance for funds used during construction	(12,506)	(15,362)
Net Cash Used in Investing Activities	<u>(12,506)</u>	<u>(15,362)</u>
Cash Flows From Financing Activities		
Borrowings (payments) on lines of credit, net	38	630
Payments on long-term debt	(7,941)	(7,406)
Contributions in aid of construction	870	47
Proceeds from long-term borrowings	16,480	11,643
Debt issuance costs	(582)	(407)
Dividends paid	(277)	(278)
Net Cash Provided by Financing Activities	<u>8,588</u>	<u>4,229</u>
Decrease in Cash, Cash Equivalents and Restricted Cash	(306)	(1,393)
Cash, Cash Equivalents and Restricted Cash - Beginning	<u>9,468</u>	<u>10,861</u>
Cash, Cash Equivalents and Restricted Cash - Ending	<u>\$ 9,162</u>	<u>\$ 9,468</u>

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

PENNICHUCK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31, 2025 and 2024
(in thousands)

	2025	2024
Supplemental Disclosure of Cash Flow and Non-Cash Items		
Cash Paid During the Year for:		
Interest	\$ 11,163	\$ 11,790
Income taxes	\$ 139	\$ 122
Non-Cash Items:		
Contributions in aid of construction	\$ 2,059	\$ 9,240
Forgiveness of debt	\$ 106	\$ 111

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

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 1 – DESCRIPTION OF BUSINESS

Pennichuck Corporation (“the Company,” “we,” or “our”) is a holding company headquartered in Nashua, New Hampshire with two wholly owned operating subsidiaries: Pennichuck Water Works, Inc., (“Pennichuck Water”) (referred to as the Company’s “utility subsidiary”), which is involved in regulated water supply and distribution to customers in New Hampshire and Pennichuck Water Service Corporation (“Service Corporation”) which conducts non-regulated water-related services. The Company does not operate as a department of any government, specifically, the City of Nashua (“City”). Since Pennichuck’s acquisition by the City in 2012, it has continued to be maintained as private, for-profit corporation under the New Hampshire Business Corporation Act (“NHBCA”), separate and apart from the City. This relationship and corporate governance have been reviewed and approved by the New Hampshire Public Utilities Commission (“NHPUC”).

The Company’s utility subsidiary is engaged principally in the collection, storage, treatment and distribution of potable water to approximately 40,000 customers throughout the State of New Hampshire. The utility subsidiary, which is regulated by the New Hampshire Public Utilities Commission (the “NHPUC”), is subject to the provisions of Accounting Standards Codification (“ASC”) Topic 980 “Regulated Operations.”

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with accounting standards issued by the Financial Accounting Standards Board (“FASB”).

USE OF ESTIMATES IN THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, which includes principally the water utility assets of the Company’s utility subsidiary, is recorded at cost plus an allowance for funds used during construction on major, long-term projects and includes property funded with contributions in aid of construction.

Maintenance, repairs and minor improvements are charged to expense as incurred. Improvements which significantly increase the value of property, plant and equipment are capitalized.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents generally consist of cash, money market funds and other short-term liquid investments with original maturities of three months or less.

RESTRICTED CASH – RSFs AND RESTRICTED ACCOUNTS

This restricted cash balance consists of funds maintained for the Rate Stabilization Funds (“RSF”), which was initially established in conformity with the requirements of NHPUC Order No. 25,292, as explained more fully in Note 14 of these consolidated financial statements. The RSF is a set of imprest funds of \$5 million in the aggregate, which is subject to funding above or below the imprest fund balance, reflecting actual revenue and/or expense performance as it relates to prescribed revenue and specific expense levels supported by the RSF. The excess or deficient amount (versus the \$5 million imprest balances) is subject to return or collection to rate payers over the succeeding three-year period of time, as of the rate order issued with the next promulgated rate case filing. For the years ended December 31, 2025 and 2024, the aggregated balances in the RSFs and restricted cash accounts were approximately \$5.4 million and \$8.8 million, respectively.

RESTRICTED CASH – CIAC

This restricted cash balance consists of funds maintained for the income tax impact from Contributions in Aid of Construction (“CIAC”), which was established in conformity with the NHPUC approval provided to the Company’s regulated utilities on November 27, 2019. This amendment to the Company’s tariffs allows for the recovery from developers and other CIAC contributors, the tax costs needed to fully fund the associated tax liability created from the elimination of an exemption whereby CIAC to water utilities was exempt from taxation, with the passage of the Tax Cuts and Jobs Act of 2017 (“the TCJA”). The Infrastructure Investment and Jobs act of 2021 retroactively made CIAC non-taxable for federal tax, reversing the effect federally of the TCJA, whereas the taxation of CIAC for NH Business Profits Taxes remained in effect. Subsequently, in April 2022, legislation was passed in New Hampshire to reinstate the non-taxability of water utility CIAC for Business Profits Taxes. As such, the Company was able to cease collection of these taxes for both Federal and State purposes, after effective dates that the exemptions were reinstated. For the years ended December 31, 2025 and 2024, the balances in this restricted cash account were approximately \$134,000 for each of the years ended. In accordance with the amended tariffs, these funds are the first used to pay for income tax liability payments incurred by the Company, when and if actually incurred.

RESTRICTED CASH – BOND PROJECT FUNDS

This restricted cash balance consists of funds remaining from the issuance or funding of semiannual debt service requirements of our tax-exempt bonds (the “Bonds”). The proceeds from those bond issuance transactions are maintained in separate restricted cash accounts, with Trustee oversight, and are subject to withdrawal as a reimbursement of eligible capital project expenditures, as defined by the indenture and issuance documents associated with each offering. The restricted cash accounts are also used as a “conduit” for the transfer of money from operating cash to restricted cash, allowing the Trustee to make the required payments to bondholders for principal and interest due semi-annually.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED CASH – BOND PROJECT FUNDS (CONTINUED)

As of December 31, 2024, the funds in these restricted cash accounts totaled approximately \$234,000. During 2025, approximately \$234,000 was withdrawn from the restricted cash accounts to make the principal and interest payments for the Bonds, on January 1, July 1, and October 1. In December 2025, approximately \$253,000 was transferred into these restricted cash accounts from the Company's operating cash accounts, to provide the funds needed to make the net principal and interest payments due on January 1, 2026 for the Bonds. As of December 31, 2025, the funds in these restricted cash accounts totaled approximately \$253,000.

CONCENTRATION OF CREDIT RISKS

Financial instruments that subject the Company to credit risk consist primarily of cash (including cash equivalents and restricted cash) and accounts receivable. Cash balances are invested in financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). At December 31, 2025 and 2024, the Company had approximately \$9,000,000 and \$10,000,000 in excess of FDIC insured limits, respectively. Our accounts receivable balances primarily represent amounts due from the residential, commercial and industrial customers of our regulated water utility operations, as well as receivables from our Service Corporation customers.

ACCOUNTS RECEIVABLE – BILLED, NET

Water utility accounts receivable (regulated) are recorded at invoiced amounts.

Non-regulated accounts receivable are recorded based upon contracted prices when the Company obtains an unconditional right to payment under the terms of the contract.

The Company's accounts receivables are primarily derived from water sales and services. At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Company's historical losses based on the loss rate. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. Due to various factors, the Company is anticipating similar expected credit losses that have been incurred in the past. As a result, management has determined that its allowance for credit losses is reasonable.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE – BILLED, NET (CONTINUED)

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs was immaterial to the consolidated financial statements as a whole for the years ended December 31, 2025 and 2024.

ACCOUNTS RECEIVABLE – UNBILLED, NET

We read our customer meters on a monthly basis and record revenues based on meter reading results. Information from the last meter reading date is used to estimate the value of unbilled revenues through the end of the accounting period. Estimates of water utility revenues for water delivered to customers but not yet billed are accrued at the end of each accounting period. Actual results could differ from those estimates.

INVENTORY

Inventory is stated at the lower of cost or net realizable value, with cost being determined using the average cost method which approximates the first-in, first-out (FIFO) method.

DEFERRED CHARGES AND OTHER ASSETS

Deferred charges include certain regulatory assets and other assets. Regulatory assets are amortized over the periods they are recovered through NHPUC-authorized water rates. The Company's utility subsidiary has recorded certain regulatory assets in cases where the NHPUC has permitted, or is expected to permit, recovery of these costs over future periods. Currently, the regulatory assets are being amortized over periods ranging from 2 to 25 years.

UNAMORTIZED DEBT ISSUANCE COSTS

Unamortized debt issuance costs are amortized over the original term of the related bonds and notes. The Company's utility subsidiary has recorded unamortized debt issuance costs in cases where the NHPUC has permitted, or is expected to permit, recovery of these costs over future periods. The debt issuance costs are being amortized over the original lives of the associated debt.

CONTRIBUTIONS IN AID OF CONSTRUCTION

Under construction contracts with real estate developers and others, the Company's utility subsidiary may receive non-refundable grants or advances for the cost of installing new water mains or other capital assets. These grants or advances are recorded as CIAC. The Company's utility subsidiary also records to plant and CIAC the fair market value of developer installed mains and any excess of fair market value over the cost of community water systems purchased from developers. CIAC are amortized over the life of the related properties.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Standard charges for water utility services to customers are recorded as revenue, based upon meter readings and contract service, as services are provided. The majority of the Company's water revenues are based on rates approved by the NHPUC. Estimates of unbilled service revenues are recorded in the period the services are provided. Provision is made in the consolidated financial statements for estimated uncollectible accounts.

The Company derives its non-regulated revenues primarily from water management services which include contract operations and maintenance and water testing and billing services to municipalities and small, privately owned community water systems. Revenue is measured based on consideration specified in contracts with customers. The Company recognizes revenue when it satisfies performance obligations under the terms of the contract which generally occurs with the transfer of control of the services to the customer. Revenues from unplanned additional work are based upon time and materials incurred in connection with activities not specifically identified in the contract, or for which work levels exceed contracted amounts.

The Company does not have any significant financing components as payment is received at or shortly after the point of sale.

Contract Combination

To determine the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate a combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. Contracts are considered to have a single performance obligation if the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts, which is mainly because the Company provides a significant service of integrating a complex set of tasks and components into a single project or capability.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using management's best estimate of the standalone selling price of each distinct good or service in the contract. In cases where the Company does not provide the distinct good or service on a standalone basis, the primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which management forecasts the Company's expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct good or service.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Performance Obligations

The Company satisfies its performance obligation to supply water over time as services are rendered utilizing an output method measured on quantity delivered. For performance obligations related to operations, planned maintenance, and water testing and billing services, control transfers to the customer over time as the services are provided. These services are sold primarily to municipalities or small, privately owned community water systems. The majority of the Company's unplanned maintenance contracts are billed on a time and materials basis and revenue is recognized over time as the services are performed. The majority of the Company's operations, planned maintenance, and water testing and billing contracts are billed on a fixed price basis. For fixed price contracts, the Company measures its progress towards complete satisfaction of the performance obligation using a time-based measure. This method is used because management considers time elapsed to be the best available measure of progress on contracts.

Contract Modifications

Contracts may be modified to account for changes in contract specifications and requirements. Contract modifications are considered to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the Company's contract modifications are for services that are not distinct from existing contracts due to the significant integration provided in the context of the contract and are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price and the measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

Contract modifications are accounted for as a separate contract when the modification results in the promise to deliver additional goods or services that are distinct and the increase in price of the contract is for the same amount as the stand-alone selling price of the additional goods or services included in the modification.

Variable Consideration

Variable consideration is estimated at the most likely amount to which the Company is expected to be entitled. Any variable consideration is included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and the determination of whether to include estimated amounts in the transaction price are based largely on assessments of legal enforceability, the Company's performance, and all information (historical, current, and forecasted) that is reasonably available to management.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Variable Consideration (Continued)

Variable consideration is allocated entirely to a performance obligation or to a distinct good or service within a performance obligation if it relates specifically to efforts to satisfy the performance obligation or transfer the distinct good or service, and the allocation depicts the amount of consideration the Company expects to be entitled. Typically, the Company does not have variable consideration.

Significant Judgments

The Company recognizes contract revenue for operations, planned maintenance, and water testing and billing contracts over time. Progress toward completion of the Company's contracts is measured using a time-based criterion for each contract and requires significant judgment. This method is used because management considers time-elapsed to be the best available measure of progress on contracts.

Contract Assets and Liabilities

Billing practices are governed by the contract terms of each project based upon achievement of milestones or pre-agreed schedules. Billings do not necessarily correlate with revenue recognized using a time-elapsed method of revenue recognition. Contract assets include unbilled amounts typically resulting from revenue under long-term contracts when the time-elapsed method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not unconditional. Contract liabilities consist of deferred revenue.

Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. The Company classifies deferred revenue as current or noncurrent based on the timing of when revenue is expected to be recognized. The current portion of deferred revenue is included in current liabilities in the Consolidated Balance Sheets.

Practical Expedients

The Company generally expenses pre-contract costs when incurred because the amortization period would have been one year or less.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

The Company is the lessee in several noncancellable operating leases, for corporate office space and other office equipment. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The Company generally does not have access to the rate implicit in the lease, and therefore the Company utilizes its incremental borrowing rate as the discount rate for real estate and the risk-free rate as the discount rate for office equipment at the lease commencement date. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for operating lease payments for the utility subsidiaries is recognized based on the lease payment and for service corporation is recognized on a straight-line basis over the lease term.

The Company has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease cost associated with short-term leases on a straight-line basis over the lease term. The Company made an accounting policy election by class of underlying asset, for office equipment, to account for each separate lease component of a contract and its associated non-lease components (lessor-provided maintenance) as a single lease component.

INCOME TAXES

Income taxes are recorded using the accrual method and the provision for federal and state income taxes is based on income reported in the consolidated financial statements, adjusted for items not recognized for income tax purposes. Provisions for deferred income taxes are recognized for accelerated depreciation and other temporary differences. A valuation allowance is provided to offset any net deferred tax assets if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Investment tax credits previously realized for income tax purposes are amortized for financial statement purposes over the life of the property, giving rise to the credit.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment as of December 31, 2025 and 2024, were as follows:

(in thousands)	2025	2024	Useful Lives (in years)
Utility Property:			
Land and land rights	\$ 5,218	\$ 5,763	-
Source of supply	79,198	78,624	3 - 70
Pumping and purification	33,767	34,220	7 - 64
Transmission and distribution, including services, meters and hydrants	236,909	230,017	15 - 91
General and other equipment	20,212	19,042	7 - 75
Intangible plant	790	790	20
Construction work in progress	4,690	1,293	
Total utility property	380,784	369,749	
Total non-utility property	5	5	5 - 10
Total property, plant and equipment	380,789	369,754	
Less accumulated depreciation	(108,191)	(102,889)	
Property, Plant and Equipment, Net	\$ 272,598	\$ 266,865	

The provision for depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 91 years. The weighted average composite depreciation rate was 2.40% and 2.40% in 2025 and 2024, respectively.

NOTE 4 – RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

(in thousands)	2025	2024
Cash and cash equivalents	\$ 3,425	\$ 304
Restricted cash - RSFs and Restricted Accounts	5,350	8,796
Restricted cash - CIAC	134	134
Restricted cash - Bond Project Funds	253	234
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	\$ 9,162	\$ 9,468

Amounts included in restricted cash represent those required to be set aside as outlined in Note 2.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2025 and 2024, including beginning balance:

(in thousands)	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable - billed	\$ 4,222	\$ 5,357	\$ 5,542
Less allowance	<u>(51)</u>	<u>(57)</u>	<u>(52)</u>
Accounts receivable - billed, net	<u>\$ 4,171</u>	<u>\$ 5,300</u>	<u>\$ 5,490</u>
Accounts receivable - unbilled	\$ 4,520	\$ 3,504	\$ 3,017
Less allowance	<u>--</u>	<u>--</u>	<u>--</u>
Accounts receivable - unbilled, net	<u>\$ 4,520</u>	<u>\$ 3,504</u>	<u>\$ 3,017</u>

NOTE 6 – DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets as of December 31, 2025 and 2024, consisted of the following:

(in thousands)	2025	2024	Recovery Period (in years)
Regulatory assets:			
Source development charges	\$ 584	\$ 688	5 - 25
Miscellaneous studies	<u>1,581</u>	<u>1,546</u>	2 - 25
Total regulatory assets	2,165	2,234	
Pension plan asset	1,064	--	
Supplemental executive retirement plan asset	<u>930</u>	<u>909</u>	
Total deferred charges and other assets	<u>\$ 4,159</u>	<u>\$ 3,143</u>	

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS

The Company has a non-contributory, defined benefit pension plan (the “DB Plan”) that covers substantially all employees. The benefits are based on years of service and participant compensation levels. The Company’s funding policy is to contribute annual amounts that meet the requirements for funding under the U.S. Department of Labor’s Pension Protection Act. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

Post-retirement medical benefits are provided for eligible retired employees through one of two plans (collectively referred to as our “OPEB Plans”). For employees who retire on or after the normal retirement age of 65, benefits are provided through a post-retirement plan (the “Post-65 Plan”). For eligible non-union employees who retire prior to their normal retirement age and who have met certain age and service requirements, benefits are provided through a post-employment medical plan (the “Post-employment Plan”). Future benefits under the Post-65 Plan increase annually based on the actual percentage of wage and salary increases earned from the plan inception date to the normal retirement date. The benefits under the Post-employment Plan allow for the continuity of medical benefits coverage at group rates from the employee’s retirement date until the employee becomes eligible for Medicare, which are fully funded by the retiree. The liability related to the Post-65 Plan will be funded from the general assets of our Company.

Upon retirement, if a qualifying employee elects to receive medical benefits under our Post-65 Plan, we pay up to a maximum monthly benefit of \$418 based on years of service.

The following table sets forth information regarding our DB Plan and our OPEB Plans as of December 31, 2025 and for the year then ended:

(in thousands)	DB Plan	OPEB Plans
Projected benefit obligations	\$ 33,308	\$ 4,316
Employer contribution	1,500	16
Benefits paid, excluding expenses	(1,306)	(129)
Fair value of plan assets	34,373	359
Accumulated benefit obligation	30,763	--
Funded status	1,064	(3,820)
Net periodic benefit cost	868	292
Amount of the funded status recognized in the Consolidated Balance Sheet consisted of:		
Non-current asset (liability)	1,064	(3,820)
Total	\$ 1,064	\$ (3,820)

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The following table sets forth information regarding our DB Plan and our OPEB Plans as of December 31, 2024 and for the year then ended:

(in thousands)	DB Plan	OPEB Plans
Projected benefit obligations	\$ 31,244	\$ 3,820
Employer contribution	1,375	14
Benefits paid, excluding expenses	(1,240)	(117)
Fair value of plan assets	30,476	442
Accumulated benefit obligation	28,947	--
Funded status	(768)	(3,378)
Net periodic benefit cost	989	278
Amount of the funded status recognized in the Consolidated Balance Sheet consisted of:		
Non-current liability	(768)	(3,378)
Total	\$ (768)	\$ (3,378)

The components of net periodic benefit cost other than the service cost component are included in the line item operations and maintenance in the consolidated statements of income (loss), as the amounts are immaterial to these consolidated financial statements.

Changes in plan assets and benefit obligations recognized in regulatory assets, for the year ended December 31, 2025, were as follows:

(in thousands)	DB Plan	OPEB Plans
Regulatory liability balance, beginning of period	\$ (2,774)	\$ (1,161)
Net actuarial (gain) loss incurred during the period	(1,180)	261
Prior service cost incurred during the period	--	16
Recognized net actuarial loss	--	25
Regulatory liability balance, end of period	\$ (3,954)	\$ (859)

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Changes in plan assets and benefit obligations recognized in regulatory assets, for the year ended December 31, 2024, were as follows:

(in thousands)	DB Plan	OPEB Plans
Regulatory asset (liability) balance, beginning of period	\$ 1,090	\$ (476)
Net actuarial gain incurred during the period	(3,864)	(715)
Prior service cost incurred during the period	--	16
Recognized net actuarial gain	--	14
Regulatory liability balance, end of period	\$ (2,774)	\$ (1,161)

Amounts recognized in regulatory liabilities for the DB Plan and OPEB Plans that have not yet been recognized as components of net periodic benefit cost of the following as of December 31, 2025:

(in thousands)	DB Plan	OPEB Plans
Net actuarial (gain) loss	\$ (3,954)	\$ (859)
Prior service cost	--	--
Regulatory liability	\$ (3,954)	\$ (859)

Amounts recognized in regulatory liabilities for the DB Plan and OPEB Plans that have not yet been recognized as components of net periodic benefit cost of the following as of December 31, 2024:

(in thousands)	DB Plan	OPEB Plans
Net actuarial (gain) loss	\$ (2,774)	\$ (1,177)
Prior service cost	--	16
Regulatory liability	\$ (2,774)	\$ (1,161)

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The key assumptions used to value benefit obligations and calculate net periodic benefit cost for our DB and OPEB Plans include the following:

	2025	2024
Discount rate for net periodic benefit cost, beginning of year	5.47%	4.78%
Discount rate for benefit obligations, end of year ^(a)	5.43%	5.47%
Expected return on plan assets for the period (net of investment e	6.50%	6.50%
Rate of compensation increase, beginning of year	3.60%	3.00%
Healthcare cost trend rate (applicable only to OPEB Plans)	5.00%	5.00%

^(a) An increase or decrease in the discount rate of 0.5% would result in a change in the funded status as of December 31, 2025, for the DB Plan and the OPEB Plans of approximately \$2.1 million and \$298 thousand, respectively.

The estimated net actuarial gain for our DB Plan that will be amortized in 2026 from the regulatory liability into net periodic benefit costs is approximately \$3,954,000. The estimated net actuarial gain and prior service cost for our OPEB Plans that will be amortized in 2026 from the regulatory liability into net periodic benefit costs is approximately \$859,000.

In establishing its investment policy, the Company has considered the fact that the DB Plan is a major retirement vehicle for its employees and the basic goal underlying the establishment of the policy is to provide that the assets of the DB Plan are invested in accordance with the asset allocation range targets to achieve our expected return on DB Plan assets. The Company's investment strategy applies to its OPEB Plans as well as the DB Plan. The expected long-term rate of return on DB Plan and OPEB Plan assets is based on the Plans' expected asset allocation, expected returns on various classes of Plan assets, as well as historical returns.

The assets of our Post-65 Plan are held in two separate Voluntary Employee Beneficiary Association ("VEBA") trusts. The VEBA plan assets are maintained in directed trust accounts at a commercial bank.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The investment strategy for the Company’s DB Plan and OPEB Plans utilizes several different asset classes with varying risk/return characteristics. The following table indicates the asset allocation percentages of the fair value of the DB Plan and OPEB Plans’ assets for each major type of plan asset as of December 31, 2025, as well as the targeted allocation range:

	DB Plan		OPEB Plans	
	Asset	Allocation	Asset	Allocation
		Range		Range
Equities	64%	30% - 100%	70%	30% - 100%
Fixed income	22%	20% - 70%	30%	0% - 50%
Cash and cash equivalents	14%	0% - 15%	0%	0% - 15%
Total	100%		100%	

The following table indicates the asset allocation percentages of the fair value of the DB Plan and OPEB Plans’ assets for each major type of plan asset as of December 31, 2024, as well as the targeted allocation range:

	DB Plan		OPEB Plans	
	Asset	Allocation	Asset	Allocation
		Range		Range
Equities	62%	30% - 100%	68%	30% - 100%
Fixed income	20%	20% - 70%	28%	0% - 50%
Cash and cash equivalents	18%	0% - 15%	4%	0% - 15%
Total	100%		100%	

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts that we could realize in a sales transaction for these instruments. The estimated fair value amounts have been measured as of year-end and have not been reevaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Investments in common stock and mutual funds are stated at fair value by reference to quoted market prices. Money market funds are valued utilizing the net asset value per unit based on the fair value of the underlying assets as determined by the directed trustee.

The DB Plan also holds assets under an immediate participation guarantee group annuity contract with a life insurance company. The assets under the contract are invested in pooled separate accounts and in a general investment account. The pooled separate accounts are valued based on net asset value (“NAV”) per unit of participation in the fund. The NAV is used as a practical expedient to estimate fair values. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than that reported at NAV. These accounts have no unfunded commitments or significant redemption restrictions at year-end. The value of these units is determined by the trustee based on the current market values of the underlying assets of the pooled separate accounts. Therefore, the value of the pooled separate accounts is deemed to be at estimated fair value.

The general investment account is not actively traded, and significant other observable inputs are not available. The fair value of the general investment account is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan’s management believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

A fair value hierarchy which prioritizes the inputs to valuation methods is 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 unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1: Based on quoted prices in active markets for identical assets.
- Level 2: Based on significant observable inputs.
- Level 3: Based on significant unobservable inputs.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The fair value of DB Plan and OPEB Plan assets by levels within the fair value hierarchy used as of December 31, 2025 was as follows:

(in thousands)	Fair Value	Level 1	Level 2	Level 3
DB Plan:				
Guaranteed Interest Accounts	\$ 4,852	\$ --	\$ --	\$ 4,852
Total Assets in the Fair Value Hierarchy	4,852	--	--	4,852
Investments measured at net asset value ^(a)	<u>29,521</u>	<u>--</u>	<u>--</u>	<u>--</u>
DB Plan Investments, at Fair Value	<u>34,373</u>	<u>--</u>	<u>--</u>	<u>4,852</u>
OPEB Plans:				
Common stocks	262	262	--	--
Mutual funds	67	67	--	--
Fixed income funds	142	142	--	--
Money market funds	<u>1</u>	<u>--</u>	<u>1</u>	<u>--</u>
Total Assets in the Fair Value Hierarchy	472	471	1	--
Investments measured at net asset value ^(a)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
OPEB Plans Investments, at Fair Value	<u>472</u>	<u>471</u>	<u>1</u>	<u>--</u>
Totals	<u>\$ 34,845</u>	<u>\$ 471</u>	<u>\$ 1</u>	<u>\$ 4,852</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets available for benefits of the Plans.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The fair value of DB Plan and OPEB Plan assets by levels within the fair value hierarchy used as of December 31, 2024, was as follows:

(in thousands)	Fair Value	Level 1	Level 2	Level 3
DB Plan:				
Guaranteed Interest Accounts	\$ 5,389	\$ --	\$ --	\$ 5,389
Total Assets in the Fair Value Hierarchy	5,389	--	--	5,389
Investments measured at net asset value ^(a)	25,087	--	--	--
DB Plan Investments, at Fair Value	30,476	--	--	5,389
OPEB Plans:				
Common stocks	236	236	--	--
Mutual funds	102	102	--	--
Fixed income funds	140	140	--	--
Money market funds	18	--	18	--
Total Assets in the Fair Value Hierarchy	496	478	18	--
Investments measured at net asset value ^(a)	--	--	--	--
OPEB Plans Investments, at Fair Value	496	478	18	--
Totals	\$ 30,972	\$ 478	\$ 18	\$ 5,389

(a) In accordance with Subtopic 820-10, certain investments that were measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets available for benefits of the Plans.

The following table summarizes investments at fair value based on NAV per share as of December 31, 2025 and 2024:

(in thousands)	Fair Value
December 31, 2025	
Pooled Separate Accounts:	
Equities	\$ 24,370
Fixed Income	5,151
Total Pooled Separate Accounts	\$ 29,521
December 31, 2024	
Pooled Separate Accounts:	
Equities	\$ 20,422
Fixed Income	4,665
Total Pooled Separate Accounts	\$ 25,087

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The following table presents a period-end reconciliation of DB Plan assets measured and recorded at fair value on a recurring basis, using significant unobservable inputs (Level 3):

(in thousands)	2025	2024
Balance, beginning of year	\$ 5,389	\$ 5,067
Plan transfers	315	1,161
Contributions	300	275
Benefits paid	(1,306)	(1,243)
Return on plan assets (net of investment expenses)	154	129
Balance, end of year	\$ 4,852	\$ 5,389

In order to satisfy the minimum funding requirements of the Employee Retirement Income Security Act of 1974, applicable to defined benefit pension plans, the Company anticipates it will contribute approximately \$1.3 million to the DB Plan in 2026.

The following maximum benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

(in thousands)	DB Plan	OPEB Plans
2026	\$ 1,620	\$ 162
2027	1,805	182
2028	1,997	206
2029	2,136	218
2030	2,171	225
2031 to 2035	12,413	1,265
Total	\$ 22,142	\$ 2,258

Because the Company is subject to regulation in the state in which it operates, we are required to maintain our accounts in accordance with the regulatory authority’s rules and regulations. In those instances, we follow the guidance of ASC Topic 980 (“Regulated Operations”). Based on prior regulatory practice, we recorded DB Plan and OPEB Plan obligations that have not yet been recognized as components of net periodic benefit costs as a regulatory liability, and we expect to recover those costs in rates charged to customers.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – POST-RETIREMENT BENEFIT PLANS (CONTINUED)

DEFINED CONTRIBUTION PLAN

In addition to the defined benefit plan, the Company provides and maintains a defined contribution plan covering substantially all employees. Under this plan, the Company matches 100% of the first 3% of each participating employee's eligible compensation contributed to the plan. The matching employer's contributions, recorded as operating expenses, were approximately \$375,000 and \$335,000 for the years ended December 31, 2025 and 2024, respectively.

NOTE 8 – LEASES

The Company leases its corporate office facilities and office equipment for various terms under long-term, noncancelable operating lease agreements. The leases expire at various dates through 2050 and provide for renewal options ranging from 3 months to 5 years. The exercise of these renewal options is at the sole discretion of the Company, and only lease options that the Company believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties.

Operating lease costs were approximately \$380,000 during each of the years ended December 31, 2025 and 2024. These costs are primarily related to long-term operating leases but may also include immaterial amounts for variable lease payments and short-term leases with terms greater than 30 days.

During the years ended December 31, 2025 and 2024, the Company had the following cash and non-cash activities related to leases:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 380	\$ 380
Non-cash investing and financing activities:		
ROU assets obtained in exchange for lease liabilities:		
Operating leases	\$ --	\$ --

PENNICHUCK CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – LEASES (CONTINUED)

Weighted average lease term and discount rate as of December 31, 2025 and 2024 were as follows:

	2025	2024
Weighted average remaining lease term (in years)	8.97	9.27
Weighted average discount rate	5.00%	5.00%

Maturities of lease liabilities under noncancellable operating leases as of December 31, 2025, are as follows for the years ending December 31:

(in thousands)	
2026	\$ 380
2027	380
2028	380
2029	380
2030	380
Thereafter	7,592
Total lease payments	9,492
Less imputed interest	(5,206)
Present value of lease liability	\$ 4,286

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 9 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

DISAGGREGATION OF REVENUE

Non-Regulated Entities

For the years ended December 31, 2025 and 2024, revenue recognized for goods and services transferred over time totaled \$1,971,107 and \$2,432,663, respectively.

For the year ended December 31, 2025, approximately 45% of revenues were from large-contract customers, 22% of revenues were from small contract customers (con-ops), and 33% of revenues were from residential maintenance and other customers. For the year ended December 31, 2024, approximately 40% of revenues were from large-contract customers, 34% of revenues were from small-contract customers (con-ops), and 26% of revenues were from residential maintenance and other customers. In addition, substantially all of the Company's contracts were service-related type contracts.

Utility Subsidiary

For the years ended December 31, 2025 and 2024, all Pennichuck Water water-related revenue was recognized over time as services are rendered. For the year ended December 31, 2025, approximately 60% of water revenues were from residential customers, 16% of revenues were from fire protection, 14% of revenues were from commercial customers, 5% of revenues were from special contracts and 5% of revenues were from industrial and municipal customers. For the year ended December 31, 2024, approximately 62% of water revenues were from residential customers, 17% of revenues were from fire protection, 11% of revenues were from commercial customers, 6% of revenues were from special contracts and 4% of revenues were from industrial and municipal customers.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 10 – INCOME TAXES

The components of the federal and state income tax (provision) benefit as of December 31, 2025 and 2024, were as follows:

(in thousands)	2025	2024
Federal	\$ 1,282	\$ (3,772)
State	39	(2,253)
Amortization of investment tax credits	33	33
Total	\$ 1,354	\$ (5,992)
Current	\$ --	\$ --
Deferred	1,354	(5,992)
Total	\$ 1,354	\$ (5,992)

The temporary items that give rise to the net deferred tax liability as of December 31, 2025 and 2024, were as follows:

(in thousands)	2025	2024
Liabilities:		
Property-related, net	\$ 27,635	\$ 26,620
Other	301	--
Total liabilities	27,936	26,620
Assets:		
Pension accrued liability	2,038	1,953
Net operating loss carryforward	10,169	9,365
Alternative minimum tax credit	476	476
NH Business Enterprise Tax credits	1,522	1,528
Other	555	546
	14,760	13,868
Less valuation allowance	(5,380)	(7,101)
Total assets	9,380	6,767
Net deferred income tax liability	\$ 18,556	\$ 19,853

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 10 – INCOME TAXES (CONTINUED)

The Company has accumulated federal net operating losses (“NOLs”) of \$38.6 million, including \$16.7 million generated before the Tax Cuts and Jobs Act (“TCJA”). The pre-TCJA NOLs begin expiring in 2032. The remaining \$21.9 million in NOLs, generated from 2019 through 2025, are subject to the TCJA’s 80% taxable income limitation but can be carried forward indefinitely. Unlike pre-2018 NOLs, these losses cannot be carried back. It is anticipated that the majority of the \$16.7 million in pre-2018 NOLs will not be fully utilized before expiration. As a result, a valuation allowance against the associated tax benefit of \$2.2 million has been recorded. The valuation allowance reflects available evidence including cumulative losses and reversal of deferred tax liabilities. The Company will continue to assess the need for a valuation allowance in future periods and adjust accordingly.

The Company has accumulated New Hampshire NOLs of \$30.8 million. The associated tax benefit, approximately \$1.8 million, begins to expire in 2026 and is included in deferred income taxes in the Consolidated Balance Sheet as of December 31, 2025. Since full utilization of \$30.8 million NOLs is unlikely, a valuation allowance has been recorded for the full tax benefit of \$1.7 million.

The major reconciling item between the effective tax rate of the Company and the statutory federal and state rates for the years ended December 31, 2025 and 2024 is the adjustment for the Municipal Acquisition Regulatory Asset (“MARA”).

As of December 31, 2025 and 2024, it is estimated that approximately \$476,000, respectively, of cumulative federal alternative minimum tax credits may be carried forward indefinitely as a credit against our regular tax liability.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 10 – INCOME TAXES (CONTINUED)

As of December 31, 2025 and 2024, the Company had New Hampshire Business Enterprise Tax (“NHBET”) credits of approximately \$1.5 and \$1.5 million, respectively. NHBET credits begin to expire in 2026. It is anticipated that these NHBET credits will not be fully utilized before they expire; therefore, a valuation allowance has been recorded related to these credits.

The valuation allowance decreased by approximately \$1.7 million and increased by approximately \$5.7 million in the years ended December 31, 2025 and 2024, respectively.

Investment tax credits resulting from utility plant additions are deferred and amortized. The unamortized investment tax credits are being amortized through the year 2033.

The Company had a regulatory liability related to income taxes of approximately \$9,857,000 and \$9,869,000 as of December 31, 2025 and 2024, respectively. This represents the estimated future reduction in revenues associated with deferred taxes which were collected at rates higher than the currently enacted rates and the amortization of deferred investment tax credits.

A review of the portfolio of uncertain tax positions was performed. In this regard, an uncertain tax position represents the expected treatment of a tax position taken in a filed tax return, or as planned to be taken in a future tax return, that has not been reflected in measuring income tax expense for financial reporting purposes. As a result of this review, it was determined that the Company had no material uncertain tax positions, and tax planning strategies will be used, if required and when possible, to avoid the expiration of any future net operating loss and/or tax credits.

The Company’s practice is to recognize interest and/or penalties related to income tax matters in “Other, Net” in the Consolidated Statements of Income. We incurred no interest in 2025 and 2024. We incurred no penalties during the years ended December 31, 2025 and 2024.

PENNICHUCK CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 11 – LONG-TERM DEBT

Long-term debt as of December 31, 2025 and 2024, consisted of the following:

(in thousands)	2025	
	Principal	Unamortized Debt Issuance Costs
		\$
Unsecured note payable to City of Nashua, 5.75%, due 12/25/2041	87,835	--
Unsecured Business Finance Authority:		
Revenue Bonds (Series 2014B), 4.50%, due January 1, 2045	4,250	83
Revenue Bonds (Series 2018A), interest rates from 4.375% to 5.00%, due April 1, 2048	4,460	199
Revenue Bonds (Series 2018B), 4.33%, due April 1, 2028	375	18
Revenue Bonds (Series 2019A), interest rates from 2.19% to 4.15%, due April 1, 2049	7,335	228
Revenue Bonds (Series 2020A), interest rates from 3.15% to 4%, due April 1, 2050	6,685	236
Revenue Bonds (Series 2020C), interest rates from 1.25% to 4.02%, due September 1, 2055 (67,390	1,185
Revenue Bonds (Series 2021A), interest rates from 4% to 5%, due April 1, 2051	4,715	207
Revenue Bonds (Series 2022A), interest rate 4% to 5%, due April 1, 2052	6,360	235
Revenue Bonds (Series 2023A), 5.0%, due April 1, 2058	5,895	151
Revenue Bonds (Series 2024A), interest rates from 5.25% to 5.625%, due April 1, 2059	9,405	246
Revenue Bonds (Series 2025A), interest rates from 5% to 5.875%, due April 1, 2060	13,980	421
Revenue Bonds (Series 2025B), 5.75%, due April 1, 2026	125	--
Unsecured notes payable to bank, floating-rate, due March 1, 2030	1,268	5
Unsecured notes payable to bank, 4.20%, due December 20, 2041	943	3
Unsecured notes payable to bank, 4.83%, due December 20, 2041	731	3
Unsecured notes payable to bank, 4.25%, due June 20, 2033	442	3
Unsecured notes payable to bank, 4.90%, due March 6, 2040	446	23
Unsecured notes payable to bank, 5.33%, due June 20, 2043	288	7
Unsecured notes payable to bank, 4.38%, due September 20, 2044	969	12
Unsecured notes payable to bank, 3.98%, due January 1, 2046	697	10
Unsecured notes payable to bank, 4.18%, due October 20, 2046	1,019	9
Unsecured notes payable to bank, 4.25%, due December 20, 2046	2,299	11
Unsecured notes payable to bank, 7.16%, due October 1, 2047	623	5
Unsecured notes payable to bank, 6.23%, due June 1, 2033	826	1
Unsecured notes payable to bank, 7.26%, due August 1, 2028	719	18
Unsecured notes payable to bank, 6.95%, due November 20, 2049	1,852	13
Unsecured New Hampshire Drinking Water & Groundwater Trust Fund ("DWGTF") notes (2)	8,219	26
Unsecured New Hampshire State Revolving Fund ("SRF") notes (1)	17,645	127
Unsecured New Hampshire State (PFAS Fund) (3)	2,375	32
Unamortized debt issuance costs for defeased obligations, allowed by regulation	--	2,193
Total	260,171	\$ 5,710
Less current portion	(8,264)	
Less unamortized debt issuance costs	(5,710)	
Total long-term debt, less current portion and unamortized debt issuance costs	\$ 246,197	

(1) SRF notes are due through 2051 at interest rates ranging from 1.29% to 3.8%. These notes are payable in 120 to 360 consecutive monthly installments of principal and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements, or (ii) various dates specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate changes to the lower of (i) the rate as stated in the note or (ii) 80% of the established 11 General Obligations Bond Index published during the specified time period before the interest rate change date.

(2) DWGTF notes are due through 2050 at interest rates ranging from 1.6% to 3.4%. These notes are payable in 360 consecutive monthly installments of principal and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements or (ii) June 1, 2020 as specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate change to the rate as stated in the note.

(3) PFAS note is a 20 year note at an interest rate of 3.5%. The loan is payable in 240 consecutive monthly installments of principal and interest. The 1% rate applies to this project until the earlier of (i) the date of substantial completion of the improvements (as defined in the Loan Agreement) as determined by the Payee or (3) December 31, 2026 (such earlier date being the "interest rate change date"). Commencing on the interest rate change date at the annual rate of 3.5%.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

Note 11 – Long-Term Debt (Continued)

	2024	
(in thousands)	Principal	Unamortized Debt Issuance Costs
Unsecured note payable to City of Nashua, 5.75%,	\$ 91,049	\$ --
Unsecured Business Finance Authority:		
Revenue Bonds (Series 2014B), 4.50%, due January 1, 2045	4,380	88
Revenue Bonds (Series 2018A), interest rates from 4.375% to 5.00%, due April 1, 2048	4,460	208
Revenue Bonds (Series 2018B), 4.33%, due April 1, 2028	490	24
Revenue Bonds (Series 2019A), interest rates from 2.19% to 4.15%, due April 1, 2049	7,500	238
Revenue Bonds (Series 2020A), interest rates from 3.15% to 4%, due April 1, 2050	6,840	246
Revenue Bonds (Series 2020C), interest rates from 1.25% to 4.02%, due September 1, 2055 (3)	68,690	1,225
Revenue Bonds (Series 2021A), interest rates from 4% to 5%, due April 1, 2051	4,810	215
Revenue Bonds (Series 2022A), interest rate 4% to 5%, due April 1, 2052	6,480	244
Revenue Bonds (Series 2022B), 3.63%, due April 1, 2025	30	--
Revenue Bonds (Series 2023A), 5.0%, due April 1, 2058	5,930	169
Revenue Bonds (Series 2023B), 4.750%, due April 1, 2025	35	--
Revenue Bonds (Series 2024A), interest rates from 5.25% to 5.625%, due April 1, 2059	9,405	279
Revenue Bonds (Series 2024B), 5.75%, due April 1, 2025	105	--
Unsecured notes payable to bank, floating-rate, due March 1, 2030	1,532	7
Unsecured notes payable to bank, 4.20%, due December 20, 2041	983	3
Unsecured notes payable to bank, 4.83%, due December 20, 2041	760	4
Unsecured notes payable to bank, 4.25%, due June 20, 2033	491	4
Unsecured notes payable to bank, 4.90%, due March 6, 2040	467	25
Unsecured notes payable to bank, 5.33%, due June 20, 2043	298	7
Unsecured notes payable to bank, 4.38%, due September 20, 2044	1,002	13
Unsecured notes payable to bank, 3.98%, due January 1, 2046	720	11
Unsecured notes payable to bank, 4.18%, due October 20, 2046	1,049	9
Unsecured notes payable to bank, 4.25%, due December 20, 2046	2,365	12
Unsecured notes payable to bank, 7.16%, due October 1, 2047	634	6
Unsecured notes payable to bank, 6.23%, due June 1, 2033	909	2
Unsecured notes payable to bank, 7.26%, due August 1, 2028	731	19
Unsecured notes payable to bank, 6.95%, due November 20, 2049	1,881	14
Unsecured New Hampshire Drinking Water & Groundwater Trust Fund ("DWGTF") notes (2)	8,436	26
Unsecured New Hampshire State Revolving Fund ("SRF") notes (1)	19,064	143
Unamortized debt issuance costs for defeased obligations, allowed by regulation	--	2,369
	251,526	\$ 5,610
Total		
Less current portion	(7,832)	
Less unamortized debt issuance costs	(5,610)	
Total long-term debt, less current portion and unamortized debt issuance costs	\$ 238,084	

(1) SRF notes are due through 2051 at interest rates ranging from 1.29% to 3.8%. These notes are payable in 120 to 360 consecutive monthly installments of principal and interest. The 1% rate applies to construction projects still in process until the earlier of (i) the date of substantial completion of the improvements, or (ii) various dates specified in the note (such earlier date being the interest rate change date). Commencing on the interest rate change date, the interest rate changes to the lower of (i) the rate as stated in the note or (ii) 80% of the established 11 General Obligations Bond Index published during the specified time period before the interest rate change date.

(2) DWGTF notes are due through 2050 at interest rates ranging from 1.6% to 3.4%. These notes are payable in 360 consecutive monthly installments of principal and interest.

PENNICHUCK CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 11 – LONG-TERM DEBT (CONTINUED)

The aggregate principal payment requirements subsequent to December 31, 2025, are as follows:

(in thousands)	<u>Amount</u>
2026	\$ 8,264
2027	8,594
2028	8,980
2029	9,346
2030	9,386
2031 and thereafter	<u>215,601</u>
Total	<u>\$ 260,171</u>

Several of Pennichuck Water’s loan agreements contain a covenant that prevents Pennichuck Water from declaring dividends if Pennichuck Water does not maintain a minimum net worth of \$4.5 million. As of December 31, 2025 and 2024, Pennichuck Water’s net worth was \$83.9 million and \$80.4 million, respectively.

The 2014B, 2018A, 2018B, 2019A, 2020A, 2020C, 2021A, 2022A, 2022B, 2023A, 2023B, 2024A, 2024B, 2025A and 2025B bonds were issued under a new bond indenture and loan and trust agreement, established with the issuance of the 2014 Series Bonds, which contains certain covenant obligations upon Pennichuck Water, which are as follows:

Debt to Capital Covenant - Pennichuck Water cannot create, issue, incur, assume or guarantee any short-term debt if (1) the sum of the short-term debt plus its funded debt (“Debt”) shall exceed 85% of the sum of its short-term debt, funded debt and capital stock plus surplus accounts (“Capital”), unless the short-term debt issued in excess of the 85% is subordinated to the Series 2014 bonds. Thereby, the ratio of Debt to Capital must be equal to or less than 1.0. As of December 31, 2025 and 2024, Pennichuck Water has a Debt to Capital Coverage ratio of 0.7 and 0.8, respectively.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 11 – LONG-TERM DEBT (CONTINUED)

All Bonds Test – Additionally, Pennichuck Water cannot create, issue, incur, assume or guarantee any new funded debt, if the total outstanding funded debt (“Total Funded Debt”) will exceed the sum of MARA (as defined in Note 15 of these consolidated financial statements) and 85% of its Net Capital Properties (“MARA and Capital Properties”), and unless net revenues or EBITDA (earnings before interest, taxes, depreciation and amortization) shall equal or exceed for at least 12 consecutive months out of the 15 months preceding the issuance of the new funded debt by 1.1 times the maximum amount for which Pennichuck Water will be obligated to pay in any future year (“Max Amount Due”), as a result of the new funded debt being incurred. Thereby, the ratio of Total Funded Debt to MARA and Capital Properties must be equal to or less than 1.0; as of December 31, 2025 and 2024, this coverage ratio was 0.7 and 0.7, respectively. Also, the ratio of EBITDA to the Max Amount Due must be equal to or greater than 1.1; as of December 31, 2025 and 2024, this ratio was 2.3 and 2.0, respectively.

Rate Covenant Test – If during any fiscal year, the EBITDA of Pennichuck Water shall not equal at least 1.1 times all amounts paid or required to be paid during that year (“Amounts Paid”), then the Company shall undertake reasonable efforts to initiate a rate-making proceeding with the NHPUC, to rectify this coverage requirement in the succeeding fiscal years. Thereby, the ratio of EBITDA to Amounts Paid must be equal to or greater than 1.1; as of December 31, 2025 and 2024, the Rate Covenant coverage ratio was 1.94 and 2.10, respectively.

Pennichuck Water’s loan agreement for its unsecured notes payable to a bank of \$11.4 million and \$12.8 million at December 31, 2025 and 2024, respectively, contains a minimum debt service coverage ratio requirement of 1.10. At December 31, 2025 and 2024, this ratio was 1.95 and 1.65, respectively.

As of December 31, 2025 and 2024, Pennichuck Water had a \$1.3 million and \$1.5 million, respectively, interest rate swap which qualifies as a derivative. This financial derivative is designated as a cash flow hedge. This financial instrument is used to mitigate interest rate risk associated with our outstanding \$1.3 million loan which has a floating interest rate based on the three-month Secured Overnight Financing Rate (“SOFR”) plus 1.85% as of December 31, 2025. The combined effect of the SOFR-based borrowing formula and the swap produces an “all-in fixed borrowing cost” equal to 5.95%. The fair value of the financial derivative, as of December 31, 2025, included in our Consolidated Balance Sheets under “Other Assets” as “Derivative instrument” was \$23,138 and as of December 31, 2024 under “Other Liabilities and Deferred Credits” was \$5,001. Changes in the fair value of this derivative were deferred in accumulated other comprehensive income.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 11 – LONG-TERM DEBT (CONTINUED)

Swap settlements are recorded in the consolidated statements of income (loss) with the hedged item as interest expense. During the years ended December 31, 2025 and 2024, \$13,000 loss and \$19,000 loss, respectively, was reclassified pre-tax from accumulated other comprehensive income (loss) to interest expense as a result of swap settlements. The Company expects to reclassify approximately \$12,000, pre-tax, from accumulated other comprehensive income to interest expense as a result of swap settlements, over the next twelve months.

NOTE 12 – LINES OF CREDIT

The Company's existing \$4 million Working Capital Line of Credit (WCLOC) was renewed in 2024 for an additional two years, expiring on September 30, 2026. The Company is currently in negotiations on renewal and extension of this multi-year facility. Pennichuck Water's \$12 million Fixed Asset Line of Credit (PWW FALOC) was renewed in 2025 for an additional two years, expiring on September 30, 2027. PWW FALOC was increased from \$12 million to \$16 million as a result of the merger of Pennichuck East Utility ("Pennichuck East") and Pittsfield Aqueduct Company (Pittsfield Aqueduct") with Pennichuck Water. Pennichuck East's Fixed Asset Line of Credit ("PEU FALOC"), which had been renewed in 2023 was combined with PWW FALOC following the merger of Pennichuck East into Pennichuck Water. The PWW FALOC is used to fund construction work in progress on capital projects, which are refinanced into long-term term loan obligations or issued bond indebtedness, annually.

Short-term borrowing activity under the Company's WCLOC for the years ended December 31, 2025 and 2024 was:

(in thousands)	2025	2024
Established line as of December 31,	\$ 4,000	\$ 4,000
Maximum amount outstanding during period	1,270	1,876
Average amount outstanding during period	55	92
Amount outstanding as of December 31,	--	--
Weighted average interest rate during period	6.15%	7.11%
Interest rate as of December 31,	6.00%	6.34%

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 12 – LINES OF CREDIT (CONTINUED)

Short-term borrowing activity under PWW FALOC for the years ended December 31, 2025 and 2024 was:

(in thousands)	2025	2024
Established line as of December 31,	\$ 16,000	\$ 16,000
Average amount outstanding during period	5,500	5,908
Amount outstanding as of December 31,	8,872	8,834
Weighted average interest rate during period	6.05%	7.24%
Interest rate as of December 31,	5.62%	6.39%

The Company's revolving credit loan facilities with TD Bank contain certain covenant obligations upon Pennichuck Water, which are as follows:

Debt to Capital Covenant – Pennichuck Water cannot create, issue, incur, assume or guarantee any short-term debt if (1) the sum of the short-term debt plus its funded debt (“Debt”) shall exceed 85% of the sum of its short-term debt, funded debt and capital stock plus surplus accounts (“Capital”), unless the short-term debt issued in excess of the 85% is subordinated to the loan facility. Thereby, the ratio of Debt to Capital must be equal to or less than 1.0. As of December 31, 2025 and 2024, Pennichuck Water has a Debt to Capital Coverage ratio of 0.7 and 0.8, respectively.

All Bonds Test – Additionally, Pennichuck Water cannot create, issue, incur, assume or guarantee any new funded debt, if the total outstanding funded debt (“Total Funded Debt”) will exceed the sum of MARA (as defined in Note 15 of these consolidated financial statements) and 85% of its Net Capital Properties (“MARA and Capital Properties”), and unless net revenues or EBITDA (earnings before interest, taxes, depreciation and amortization) shall equal or exceed for at least 12 consecutive months out of the 15 months preceding the issuance of the new funded debt by 1.1 times the maximum amount for which Pennichuck Water will be obligated to pay in any future year (“Max Amount Due”), as a result of the new funded debt being incurred. Thereby, the ratio of Total Funded Debt to MARA and Capital Properties must be equal to or less than 1.0; as of December 31, 2025 and 2024, this coverage ratio was 0.6 and 0.6, respectively. Also, the ratio of EBITDA to the Max Amount Due must be equal to or greater than 1.1; as of December 31, 2025 and 2024 this ratio was 2.31 and 2.0, respectively.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 12 – LINES OF CREDIT (CONTINUED)

Rate Covenant Test – If during any fiscal year, the EBITDA of Pennichuck Water shall not equal at least 1.1 times all amounts paid or required to be paid during that year (“Amounts Paid”), then the Company shall undertake reasonable efforts to initiate a rate-making proceeding with the NHPUC, to rectify this coverage requirement in the succeeding fiscal years. Thereby, the ratio of EBITDA to Amounts Paid must be equal to or greater than 1.1; as of December 31, 2025 and 2024, the Rate Covenant coverage ratio was 1.94 and 2.10, respectively.

NOTE 13 – ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents changes in accumulated other comprehensive income by component for the years ended December 31, 2025 and 2024:

(in thousands)	Interest Rate Contract	
	2025	2024
Beginning balance	\$ 527	\$ 513
	25	25
Amounts reclassified from accumulated other comprehensive income (loss)	(8)	(11)
Net current period other comprehensive income (loss)	17	14
Ending balance	\$ 544	\$ 527

The following table presents reclassifications out of accumulated other comprehensive income for the years ended December 31, 2025 and 2024:

<u>Details about Accumulated Other Comprehensive Income (Loss) Components</u>	<u>Amounts Reclassified from Accumulated Other Comprehensive Income (loss)</u>		<u>Affected Line Item in the Statement Where Net Income is Presented</u>
	2025	2024	
Gain on cash flow hedges:			
Interest rate contracts	\$ (13)	\$ (19)	Interest expense
	5	8	(Provision) benefit for income tax
Amounts reclassified from accumulated other comprehensive income (loss)	\$ (8)	\$ (11)	Net income (loss)

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 14 – TRANSACTION WITH THE CITY OF NASHUA

On January 25, 2012, in full settlement of an ongoing Eminent Domain lawsuit filed by the City and with the approval of the NHPUC, the City acquired all of the outstanding shares of the Company and, thereby, indirect acquisition of its regulated subsidiaries. The total amount of the acquisition was \$150.6 million (“Acquisition Price”) of which \$138.4 million was for the purchase of the outstanding shares, \$5.0 million for the establishment of a Rate Stabilization Fund, \$2.6 million for legal and due diligence costs, \$2.3 million for severance costs, \$1.3 million for underwriting fees, and \$1.0 million for bond discount and issue costs. The entire purchase of \$150.6 million was funded by General Obligation Bonds (“Bonds”) issued by the City of Nashua. The Company is not a party to the Bonds and has not guaranteed nor is obligated in any manner for the repayment of the Bonds. The Company remains an independent corporation with an independent Board of Directors, with the City of Nashua as its sole stockholder.

Pennichuck Water, Pennichuck East, Pittsfield Aqueduct, Service Corporation, and Southwood will continue as subsidiaries of Pennichuck Corporation and Pennichuck Water, Pennichuck East and Pittsfield Aqueduct will continue as regulated companies under the jurisdiction of the NHPUC. The terms of the merger and the requisite accounting and rate-setting mechanisms were agreed to in the NHPUC Order No. 25,292 (“PUC Order”) dated November 23, 2011.

As part of the City’s acquisition in 2012, the Company issued a promissory note to the City in the amount of approximately \$120 million to be repaid over a thirty (30) year period with monthly payments of approximately \$707,000, including interest at 5.75%. Additionally, the Company recorded an additional amount of approximately \$30.6 million as contributed capital. The remaining outstanding balance of the note payable to the City at December 31, 2025 and 2024 was approximately \$87.8 million and \$91.0 million, respectively, as disclosed in Note 11 to these consolidated financial statements. During 2025 and 2024, dividends of approximately \$277,000 and \$278,000, respectively, were declared and paid to the City. The dividends paid to the City during 2025 comprised approximately \$277,000 of regular quarterly dividends declared and paid; and no special dividend was declared or paid in 2025. The dividends paid to the City during 2024 comprised approximately \$278,000 of regular quarterly dividends declared and paid; and no special dividend was declared or paid in 2024.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 14 – TRANSACTION WITH THE CITY OF NASHUA (CONTINUED)

Additional ongoing transactions occur in the normal course of business, between the Company and the City, related to municipal water usage, fire protection and sewer billing support services, and property taxes related to real property owned by the Company within the City. For the years ended December 31, 2025 and 2024, respectively, approximately \$5.3 million and \$4.6 million were paid to the Company by the City for municipal water consumption, fire protection charges, and sewer billing support services. Conversely, the Company recorded property taxes to the City of Nashua of approximately \$2.0 million for the year ended December 31, 2025, and approximately \$2.0 million for the year ended December 31, 2024.

RATE STABILIZATION FUND – RESTRICTED CASH

As a part of the acquisition, the Company agreed to contribute \$5,000,000 of the proceeds from the settlement transaction to Pennichuck Water, which was used to establish an RSF, allowing for the maintenance of stable water utility rates and providing a mechanism to ensure the Company's continued ability to meet its obligations under the promissory note to the City, in the event of adverse revenue developments. Restricted cash consists of amounts set aside in the RSF account and is adjusted monthly as required in the NHPUC Order, as discussed in Note 2 of these consolidated financial statements.

MUNICIPAL ACQUISITION REGULATORY ASSET (“MARA”)

As part of the City's acquisition and pursuant to the NHPUC Order, the Company established a new Regulatory asset (MARA) which represented the amount that the Acquisition Price exceeded the net book assets of the Company's regulated subsidiaries (Pennichuck Water, Pennichuck East, and Pittsfield Aqueduct) at December 31, 2011. The initial amount of the MARA was approximately \$89 million for the regulated companies, offset by a non-regulated amount of approximately \$4.8 million. The MARA is to be amortized over a thirty (30) year period in the same manner as the repayment of debt service for the City's acquisition bonds. The balance in the MARA at December 31, 2025 and 2024 was approximately \$59.1 million, reduced by the non-regulated credit of approximately \$3.2 million and approximately \$61.6 million, reduced by the non-regulated credit of approximately \$3.3 million, respectively.

Aggregate amortization expense for the years ended December 31, 2025 and 2024 totaled approximately \$2,409,000 and \$2,328,000, respectively.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 14 – TRANSACTION WITH THE CITY OF NASHUA (CONTINUED)

The following table represents the future estimated amortization of MARA:

(in thousands)	Estimated Amortization Expense
2026	\$ 2,497
2027	2,590
2028	2,700
2029	2,814
2030	2,932
2030 and thereafter	<u>42,377</u>
Total	<u>\$ 55,910</u>

NOTE 15 – COMBINATION AND MERGER OF SUBSIDIARIES

On November 21, 2023, the Company’s regulated subsidiaries, Pennichuck Water, Pennichuck East, and Pittsfield Aqueduct filed a joint petition with the NHPUC seeking approval of a consolidation of allowed water rates, inclusive of the water rates and revenues for each of the utilities. The proposed structure for the consolidated rates is substantially the same as the current rate structure for Pennichuck Water. Additionally, on December 15, 2023, Pennichuck Water, Pennichuck East, and Pittsfield Aqueduct filed a joint petition with the NHPUC seeking the approval of a merger of these three entities into one surviving entity, Pennichuck Water.

On January 28, 2025, the NHPUC issued order No. 27,098 in docket DW 23-101 approving the Consolidation of Pennichuck East and Pittsfield Aqueduct with Pennichuck Water and Approval of Consolidated Rates. The NHPUC approved a consolidated rate structure for all customers, resulting in a single consolidated rate. This order became effective March 1, 2025.

After approval by the NHPUC, the consolidation of entities and rates were approved by the Company’s sole stockholder, the City of Nashua, and the Company’s Board of Directors. Additionally, certain amendments to existing agreements and documents have been approved by Pennichuck Water’s Board of Directors, as well as the existing lenders to the Company, Pennichuck Water, Pennichuck East, and Pittsfield Aqueduct, all of which were discussed with the pertinent parties.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 16 – SEGMENT REPORTING

For the years ended December 31, 2025 and 2024, and as of those dates, the following financial results were generated by the segments of the Company:

(in thousands)	2025	2024
<u>Operating Revenues:</u>		
Pennichuck Water	\$ 58,856	\$ 54,432
Service Corporation	1,971	2,433
Other	14	15
Total Operating Revenues	\$ 60,841	\$ 56,880
<u>Depreciation and Amortization Expense:</u>		
Pennichuck Water	\$ 9,904	\$ 9,545
Service Corporation	--	--
Other	(140)	(135)
Total Depreciation and Amortization Expense	\$ 9,764	\$ 9,410
<u>Operating Income:</u>		
Pennichuck Water	\$ 9,558	\$ 10,610
Service Corporation	259	236
Other	59	58
Total Operating Income	\$ 9,876	\$ 10,904
<u>Interest Expense:</u>		
Pennichuck Water	\$ 5,548	\$ 6,608
Service Corporation	1	10
Other	6,137	6,475
Total Interest Expense	\$ 11,686	\$ 13,093
<u>Income Taxes (Provision) Benefit:</u>		
Pennichuck Water	\$ (1,305)	\$ (1,664)
Service Corporation	2	8
Other	2,657	(4,336)
Total Income Taxes Provision	\$ 1,354	\$ (5,992)
<u>Net Income (Loss):</u>		
Pennichuck Water	\$ 2,723	\$ 2,356
Service Corporation	259	234
Other	(3,421)	(10,752)
Total Net Income (Loss)	\$ (439)	\$ (8,162)

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 16 – SEGMENT REPORTING (CONTINUED)

(in thousands)	2025	2024
<u>Total Net Assets:</u>		
Pennichuck Water	\$ 388,624	\$ 372,687
Service Corporation	100	120
Other	(29,144)	(18,639)
Total Net Assets	\$ 359,580	\$ 354,168
<u>Total Liabilities:</u>		
Pennichuck Water	\$ 296,842	\$ 287,254
Service Corporation	(57)	(49)
Other	82,506	85,975
Total Liabilities	\$ 379,291	\$ 373,180
<u>Total Long-Term Debt (less current portion and unamortized debt insurance costs):</u>		
Pennichuck Water	\$ 161,777	\$ 150,264
Service Corporation	--	--
Other	84,420	87,820
Total Long-Term Debt	\$ 246,197	\$ 238,084

NOTE 17 – RATE CASES

PENNICHUCK WATER-QUALIFIED CAPITAL PROJECT ADJUSTMENT CHARGE

On March 27, 2025, the NHPUC issued Order No. 28,121 approving a QCPAC surcharge of 2.06% for capital projects placed in service in 2023 for both Pennichuck East and Pennichuck Water. This order became effective with services rendered back to April 27, 2024 and allowed recovery in the form of a monthly recoupment surcharge, to be collected over a four-month period from the date of the order.

On September 12, 2025, the NHPUC issued Order No. 28,180 approving a QCPAC surcharge of 2.49% for capital projects placed in service in 2024. This order became effective with services rendered back to April 29, 2025 and allowed recovery in the form of a monthly recoupment surcharge, to be collected over a three-month period from the date of the order.

PENNICHUCK CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 18 – SUBSEQUENT EVENTS

The Company has evaluated the events and transactions that have occurred through April 30, 2026, the date that these consolidated financial statements were available for issuance.

On February 13, 2026, Pennichuck Water filed a petition with the NHPUC for a 1.69% surcharge on all capital improvements completed and placed in service by Pennichuck Water in 2025. The commission has not yet issued an Order approving this requested surcharge. When the NHPUC issues the Order, the approved surcharge will become effective retroactively on a services rendered basis. The Order will allow recoupment of the surcharge from all its customers based on their actual bills incurred between the services rendered date and the final effective date of the Order. Final approval by the NHPUC on this QCPAC surcharge is expected to be received in late 2026.

APPENDIX B-2

**UNAUDITED FINANCIAL STATEMENTS OF
PENNICHUCK WATER WORKS, INC. FOR THE FISCAL YEARS ENDING
DECEMBER 31, 2025 AND DECEMBER 31, 2024**

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Appendix B-2

Pennichuck Water Works, Inc.
 Comparative Unaudited Income Statement
 For the years ended December 31, 2024 and 2025
 (dollars)

	<u>12/31/2024</u>	<u>12/31/2025</u>
Revenues	\$ 54,432,485	\$ 58,855,574
Operating Expenses:		
Production	10,687,443	12,557,642
Distribution	4,803,316	5,391,361
Engineering	1,226,176	1,446,328
Customer service	2,069,890	1,910,998
Administration	7,914,764	9,557,616
Information systems	1,572,572	2,251,835
Management fee	(203,896)	(160,431)
Subtotal operations and maintenance	<u>28,070,265</u>	<u>32,955,348</u>
Depreciation	8,450,498	8,809,984
Amortization CIAC	(1,490,268)	(1,586,397)
Amortization expense	2,694,449	2,786,789
Subtotal depreciation and amortization	<u>9,654,679</u>	<u>10,010,376</u>
Gain from forgiveness on SRF debt	(110,750)	(106,363)
Taxes other than income taxes	6,206,524	6,437,758
Total Operating Expenses	<u>43,820,718</u>	<u>49,297,118</u>
Operating Income	10,611,767	9,558,456
Other, Net	17,500	17,500
Interest Expense	<u>(6,608,931)</u>	<u>(5,547,863)</u>
Income (Loss) Before (Provision for) Benefit From Income Taxes	4,020,336	4,028,093
(Provision for) Benefit From Income Taxes	(1,664,259)	(1,304,962)
Net Income (Loss)	<u>\$ 2,356,077</u>	<u>\$ 2,723,131</u>

Pennichuck Water Works, Inc.
Comparative Unaudited Balance Sheets
As of December 31, 2024 and 2025
(dollars)

Appendix B-2

	<u>12/31/2024</u>	<u>12/31/2025</u>
<u>ASSETS</u>		
Property, Plant and Equipment:		
Land	\$ 3,725,008	\$ 3,179,121
Buildings	78,831,502	79,405,147
Equipment & software	283,887,293	291,495,666
Intangible plant	789,817	789,817
	<u>367,233,620</u>	<u>374,869,751</u>
Accumulated depreciation	103,699,602	109,000,120
	<u>263,534,018</u>	<u>265,869,631</u>
Construction work in process	1,293,066	4,689,652
Property, Plant and Equipment, net	<u>264,827,084</u>	<u>270,559,283</u>
Current Assets:		
Cash	6,900	6,900
Restricted cash - RSF	8,796,300	5,350,394
Restricted cash - 2014 Bond Project Fund	233,536	253,119
Restricted cash - 2015 Bond Project Fund	-	-
Restricted cash - 2018 Bond Project Fund	-	-
Restricted cash - 2020 Bond Project Fund	-	-
Accounts receivable-billed, net	5,201,307	5,694,794
Accounts receivable-unbilled, net	3,503,798	4,519,659
Inventory	1,385,621	1,354,120
Prepaid expenses	662,540	706,373
Prepaid property taxes	933,992	1,028,771
Intercompany receivable	21,817,701	26,519,909
Total Current Assets	<u>42,541,695</u>	<u>45,434,039</u>
Other Assets:		
Municipal acquisition regulatory asset	61,713,415	59,164,545
Other	3,706,211	8,398,781
Total Other Assets	<u>65,419,626</u>	<u>67,563,326</u>
TOTAL ASSETS	<u>\$ 372,788,405</u>	<u>\$ 383,556,648</u>
Pennichuck Water Works, Inc. Comparative Unaudited Balance Sheets As of December 31, 2024 and 2025 (dollars)		
<u>EQUITY AND LIABILITIES</u>		
Equity:		
Common stock	\$ 30,200	\$ 30,000
Additional paid-in capital	88,730,927	83,402,523
Accumulated other comprehensive income	(3,001)	13,883
Retained earnings	610,064	895,572
Total Equity	<u>89,368,190</u>	<u>84,341,978</u>
Long Term Debt, Less Current Portion	150,261,113	161,776,585
Current Liabilities:		
Fixed asset line of credit	8,833,395	8,871,546
Current portion of long term debt	4,722,201	4,855,671
Accounts payable	3,959,960	987,755
Accrued property taxes	-	-
Accrued interest payable	1,535,651	1,747,497
Other accrued expenses	1,297,788	1,694,028
Customer deposits & other	928,936	566,107
Total Current Liabilities	<u>21,277,931</u>	<u>18,722,604</u>
Other Liabilities and Deferred Credits:		
Deferred income taxes	25,226,796	26,555,181
Accrued liability pension	768,366	-
Unamortized debt premium	3,380,447	3,216,094
Unamortized ITC	272,382	239,346
Regulatory liability	9,869,195	14,669,539
Accrued post retirement benefits	3,280,011	3,820,335
Customer advances	84,000	84,000
Contributions in aid of construction , net	64,507,025	65,922,125
Other long-term liabilities	4,492,949.00	4,208,861.00
Total Other Liabilities and Deferred Credits	<u>111,881,171</u>	<u>118,715,481</u>
TOTAL EQUITY AND LIABILITIES	<u>\$ 372,788,405</u>	<u>\$ 383,556,648</u>

Appendix B-2

Pennichuck Water Works, Inc.
 Comparative Unaudited Statements of Cash Flows
 For the Years Ended December 31, 2024 and 2025
 (dollars)

	<u>12/31/2024</u>	<u>12/31/2025</u>
Operating Activities:		
Net (loss) income	\$ 2,356,077	\$ 2,723,131
Adjustments:		
Depreciation & amortization	9,654,679	10,100,852
Amortization of deferred ITC	(33,036)	(33,036)
Provision for deferred income taxes	1,664,259	1,317,130
(Gain) on disposition of property	333,380	-
Changes in:		
Accounts receivable and unbilled revenues	(388,171)	(1,500,714)
Materials and supplies	(191,593)	31,501
Prepaid expenses	218,647	(147,246)
Deferred charges and other assets	1,722,465	(628,881)
Accounts payable and accrued expenses	909,355	(2,293,823)
Accrued Interest Payable	61,344	211,845
Other	(384,846)	(227,466)
Net cash provided by operating activities	<u>15,922,560</u>	<u>9,553,293</u>
Investing Activities:		
Purchases of property, plant & equipment, including debt component of AFUDC	(14,777,693)	(12,594,432)
Sale of marketable securities	-	-
Proceeds from sale of land	(584,598)	-
Net cash used in investing activities	<u>(15,362,291)</u>	<u>(12,594,432)</u>
Financing Activities:		
Payments on long-term debt	(4,374,923)	38,151
Advances on line of credit	629,881	(4,621,195)
Contributions in aid of construction	46,901	870,350
Proceeds from long-term borrowings	11,643,010	16,479,695
Debt issuance costs	(388,268)	(582,030)
Net cash used In financing activities	<u>7,556,601</u>	<u>12,184,971</u>
Net increase/(decrease) in cash and cash equivalents	8,116,870	9,143,832
Cash and cash equivalents, beginning of year	10,027,499	9,036,736
Transferred (to) from parent	<u>(9,107,632)</u>	<u>(12,570,154)</u>
Cash and cash equivalents, end of year	<u>\$ 9,036,736</u>	<u>\$ 5,610,413</u>

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APPENDIX C

**DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS
OF THE LOAN AND TRUST AGREEMENT**

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DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in the Agreement, the following terms have the following meanings in the Loan and Trust Agreement dated as of June 1, 2026 (the “Agreement”) among the Authority, the Borrower and the Trustee, unless the context otherwise requires:

“Act” means New Hampshire RSA 162-I, as amended.

“Bond Counsel” means a firm of nationally recognized attorneys-at-law experienced in legal work relating to the financing of facilities for non-exempt persons through the issuance of tax-exempt revenue bonds.

“Bond Fund” means the fund of that name established under Section 302 of the Agreement.

“Bond Year” has the meaning ascribed thereto in the Federal Tax Statement.

“Bonds” means, collectively, the Series A Bonds and the Series B Bonds.

“Bondowners” means the registered owners of the Bonds from time to time as shown in the bond register kept by the Trustee.

“Borrower Representative” means the Chief Executive Officer, Chief Financial Officer, or Treasurer or an alternate or successor appointed by the Borrower with notice to the Trustee.

“Business Day” means a day on which the banks in the city in which the principal office of the Trustee is located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Capital Properties” means all tangible property of the Borrower used or useful in the Borrower’s business as a water company, including construction work in progress, and which are properly chargeable to the capital account of the Borrower in conformity with any applicable rules and regulations of government authorities having jurisdiction, as shown on the books of the Borrower.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the Borrower and the Trustee, as dissemination agent, as originally executed in connection with the issuance of the Bonds and as it may be amended from time to time in accordance with the terms thereof.

“Effective Date” means June __, 2026.

“Event of Default” has the meaning stated in Section 601 of the Agreement, and “default” means any Event of Default under the Agreement without regard to any lapse of time or notice.

“Federal Tax Statement” means the Tax Certificate and Agreement executed in connection with the issuance of the Series A Bonds.

“Fiscal Year” means the calendar year.

“Funded Debt” means debt maturing, or which the Borrower has a right to extend or renew so that it will mature, more than twelve months after it first became debt of the Borrower, including the Bonds as well as the present value (discounted future value) of all future rentals and lease payments under lease agreements with final terms of over three years’ duration to the extent that such discounted future value exceeds 25% of the sum of preferred stock capital, common stock capital and all surplus accounts. “Funded Debt” shall not include accounts payable, customers’ deposits and advances, accrued wages and similar obligations incurred in the ordinary course of business.

APPENDIX C

“Government or Equivalent Obligations” means (i) obligations issued or guaranteed by the United States, including any agencies thereof; (ii) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (i), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee or the Authority, as the case may be, in a special account separate from the general assets of such custodian; and (iii) shares of any open-end or closed-end management type investment company or trust registered under 15 U.S.C. §80(a)-1 et seq., provided that the portfolio of such investment company or trust is limited to obligations described in clause (i) and repurchase agreements fully collateralized by such obligations, and provided further that such investment company or trust shall take custody of such collateral either directly or through a custodian satisfactory to the Trustee or the Authority.

“IRC” means the Internal Revenue Code of 1986, as amended from time to time.

“MARA” means the Municipal Acquisition Regulatory Asset, as shown on the books of the Borrower.

“Net Amount of Capital Properties” means the amount of Capital Properties minus the amount of depreciation or retirement reserve applicable thereto as shown by the books of the Borrower. It shall be calculated as of the end of the last preceding quarter and shall reflect amounts as recorded or required to be recorded on the books of the Borrower in accordance with applicable rules and regulations of governmental authorities having jurisdiction, or in the absence thereof, generally accepted accounting principles.

“Net Revenues” means the excess of (i) all operating and non-operating revenues of the Borrower over (ii) all operating expenses of the Borrower, including taxes (except any allowance for income, excess profits and other taxes measured by or dependent on net taxable income for the period for which the earnings are being computed) but not including interest expenses or any allowances for depreciation or amortization, all as determined in accordance with applicable rules and regulations of governmental authorities having jurisdiction, or, in the absence thereof, generally accepted accounting principles.

“NHPUC” means the New Hampshire Public Utilities Commission.

“Outstanding,” when used to modify Bonds, refers to Bonds issued under the Agreement, excluding: (i) Bonds that have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment; (ii) Bonds that have been paid in full; (iii) Bonds that have become due and for the payment of which moneys have been duly provided; and (iv) that for which there have been irrevocably set aside sufficient funds, or obligations issued or guaranteed by the United States bearing interest at such rates and with such maturities as will provide sufficient funds, to pay the principal of and interest on such Bonds; provided, however, that if any such Bonds are to be redeemed prior to maturity, the Borrower shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

“Permitted Investments” means (A) Government or Equivalent Obligations; (B) “tax exempt bonds” as defined in IRC §150(a)(6), rated at least “AA” or “Aa2” by Standard & Poor’s Ratings Group (“S&P”) and Moody’s Investors Services, Inc. (“Moody’s”), respectively, or the equivalent by any other nationally recognized rating agency, at the time of acquisition thereof, or shares of a so-called money market or mutual fund that do not constitute “investment property” within the meaning of IRC Section 148(b)(2), provided either that the fund has all of its assets invested in such “tax exempt bonds” of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated “Aam” or “AAm-G” if rated by S&P, at the time of acquisition thereof; (C) Obligations of any state or political subdivision thereof rated at least “AA-” and “Aa3” by S&P and Moody’s, respectively, at the time of acquisition thereof; (D) negotiable certificates of deposit maturing not more than two years after the date of purchase, and interest-bearing deposit accounts or other bank deposit products of a national association or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank, which (i) has assets of not less than \$1,000,000,000, provided that the senior debt obligations of the issuing Borrower are rated in the highest category by Moody’s or S&P at the time of acquisition thereof, or (ii) funds are guaranteed by the Federal Deposit Insurance Corporation, or (iii) funds are fully collateralized by Government or Equivalent Obligations; (E) bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances), provided that such bankers acceptances may not exceed 180 days maturity, and provided further that the accepting bank has the highest short-term letter and numerical rating as provided by Moody’s or S&P at the time of acquisition thereof; (F) Repurchase Agreements; (G) money market funds which have a rating of “AAAm-G,” “AAAm” or “AAm” by S&P

at the time of acquisition thereof, provided that the fund is registered under the Federal Investment Company Act of 1940 and whose shares are registered under the Federal Securities Act of 1933; (H) investment agreements with providers rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that if the provider is downgraded by one or more nationally recognized rating agency to below the second highest category, the agreement shall (i) be fully collateralized at 104% by Government or Equivalent Obligations or 105% by securities outlined in clause (J) of this definition of permitted investments, or (ii) terminate; (I) collateralized investment agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (J) forward purchase and sale agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (K) commercial paper rated at least “A1” by S&P and/or “P-1” by Moody’s at the time of acquisition thereof and maturing within two hundred seventy (270) days after the acquisition thereof. Any investment may be purchased from or through the Trustee or any Bondowner or any affiliate of either of them.

“Project” means financing capital improvements to the Borrower’s water supply and water distribution installations, upgrades, replacements and rehabilitations and related support systems at project sites located in Amherst, Atkinson, Barnstead, Bedford, Bow, Chester, Conway, Derry, Epping, Exeter, Hollis, Hooksett, Lee, Litchfield, Londonderry, Merrimack, Middleton, Milford, Nashua, Newmarket, Pelham, Pittsfield, Plaistow, Raymond, Salem, Sandown, Tilton, Weare and Windham, New Hampshire, all of which are within the Borrower’s service areas, as such service areas are respectively shown at <https://pennichuck.com/pww-tefra-coverage-areas-maps/> (the “Service Area Website”), including (i) water treatment media and miscellaneous water supply upgrades, including replacement of granular activated carbon and other filtration media at the Borrower’s water treatment plant in Merrimack, and at booster station and treatment facilities throughout the Borrower’s service areas (a) in Amherst, Bedford, Derry, Hollis, Litchfield, Londonderry, Merrimack, Milford, Nashua, Pelham, Pittsfield and Windham as respectively shown on the Service Area Website, (b) in the Woodlands Subdivision in Epping, (c) in the Shanda Farms/Great Bay Subdivision in Newmarket, (d) in the Sweet Hill, Valleyfield, Rolling Hills and Twin Ridge Subdivisions in Plaistow, (e) in the Autumn Woods Subdivision in Salem, (f) in Pioneer Business Park in Atkinson, (g) in the Lock Lake Subdivision in Barnstead, (h) in the Bow Highlands, Stone Sled and White Rock Senior Subdivisions in Bow, (i) in the Shaker Heights Subdivision in Chester, (j) in the Birch Hill Subdivision in Conway, (k) in the Forest Ridge Subdivision in Exeter, (l) in the Smythe Woods and WESCO subdivisions in Hooksett, (m) in the Thurston Woods Subdivision in Lee, (n) in the Sunrise Subdivision in Middleton, (o) in the Clearwater, Green Hills and Liberty Hill Subdivisions in Raymond, (p) in the Beaver Hollow Subdivision in Sandown, (q) in Northern Shores and Winnisquam Village in Tilton and (r) in the Daniels Lake Subdivision in Weare; (ii) water distribution projects, generally consisting of main replacement and rehabilitation throughout the Borrower’s service areas (a) in Amherst, Bedford, Derry, Hollis, Litchfield, Londonderry, Merrimack, Nashua, Pelham, Pittsfield, Windham, (b) in the Woodlands Subdivision in Epping, (c) in the Shanda Farms/Great Bay Subdivision in Newmarket, (d) in the Sweet Hill, Valleyfield, Rolling Hills and Twin Ridge Subdivisions in Plaistow, (e) in the Autumn Woods Subdivision in Salem, (f) in Pioneer Business Park in Atkinson, (g) in the Lock Lake Subdivision in Barnstead, (h) in the Bow Highlands, Stone Sled and White Rock Senior Subdivisions in Bow, (i) in the Shaker Heights Subdivision in Chester, (j) in the Birch Hill Subdivision in Conway, (k) in the Forest Ridge Subdivision in Exeter, (l) in the Smythe Woods and WESCO subdivisions in Hooksett, (m) in the Thurston Woods Subdivision in Lee, (n) in the Sunrise Subdivision in Middleton, (o) in the Clearwater, Green Hills and Liberty Hill Subdivisions in Raymond, (p) in the Beaver Hollow Subdivision in Sandown, (q) in Northern Shores and Winnisquam Village in Tilton and (r) in the Daniels Lake Subdivision in Weare, including, but not limited to, (a) in Nashua on Linwood Street, Balcom Street, Euclid Avenue, Fairview Avenue, Temple Street, School Street, Sargent Avenue, Courtland Street, Allds Street, Lawndale Avenue, Benson Avenue, Spalding Street, Alstead Avenue, St. Lazare Street, Ingalls Street, Nye Avenue, Copp Street, Gray Avenue, Brook Street, Hamilton Street, Burritt Street, Verona Street, Sarasota Street, Ash Street, Manatee Street, Niquette Drive, Coburn Woods, Chataqua Ave, Pine Hill Ave, Mt. Pleasant Street, French Street, Dudley Street, Ledgewood Hills Drive, Rita Street, Salem Street Walnut

APPENDIX C

Street, Route 101A, Swan Street, Chapman Street, Savoy Street, Palm Street, Almont Street, D Street, Union Street and Cherry Street; (iii) well development and/or rehabilitation as needed in the Borrower's service area; (iv) treatment station and booster station replacement and rehabilitation throughout the Borrower's service areas (a) in Amherst, Bedford, Derry, Hollis, Litchfield, Londonderry, Merrimack, Milford, Nashua, Pelham, Pittsfield and Windham as respectively shown on the Service Area Website, (b) in the Woodlands Subdivision in Epping, (c) in the Shanda Farms/Great Bay Subdivision in Newmarket, (d) in the Sweet Hill, Valleyfield, Rolling Hills and Twin Ridge Subdivisions in Plaistow, (e) in the Autumn Woods Subdivision in Salem, (f) in Pioneer Business Park in Atkinson, (g) in the Lock Lake Subdivision in Barnstead, (h) in the Bow Highlands, Stone Sled and White Rock Senior Subdivisions in Bow, (i) in the Shaker Heights Subdivision in Chester, (j) in the Birch Hill Subdivision in Conway, (k) in the Forest Ridge Subdivision in Exeter, (l) in the Smythe Woods and WESCO subdivisions in Hooksett, (m) in the Thurston Woods Subdivision in Lee, (n) in the Sunrise Subdivision in Middleton, (o) in the Clearwater, Green Hills and Liberty Hill Subdivisions in Raymond, (p) in the Beaver Hollow Subdivision in Sandown, (q) in Northern Shores and Winnisquam Village in Tilton and (r) in the Daniels Lake Subdivision in Weare; (v) storage tank installation, maintenance and replacement throughout the Borrower's service areas (a) in Amherst, Bedford, Derry, Hollis, Litchfield, Londonderry, Merrimack, Milford, Nashua, Pelham, Pittsfield and Windham as respectively shown on the Service Area Website, (b) in the Woodlands Subdivision in Epping, (c) in the Shanda Farms/Great Bay Subdivision in Newmarket, (d) in the Sweet Hill, Valleyfield, Rolling Hills and Twin Ridge Subdivisions in Plaistow, (e) in the Autumn Woods Subdivision in Salem, (f) in Pioneer Business Park in Atkinson, (g) in the Lock Lake Subdivision in Barnstead, (h) in the Bow Highlands, Stone Sled and White Rock Senior Subdivisions in Bow, (i) in the Shaker Heights Subdivision in Chester, (j) in the Birch Hill Subdivision in Conway, (k) in the Forest Ridge Subdivision in Exeter, (l) in the Smythe Woods and WESCO subdivisions in Hooksett, (m) in the Thurston Woods Subdivision in Lee, (n) in the Sunrise Subdivision in Middleton, (o) in the Clearwater, Green Hills and Liberty Hill Subdivisions in Raymond, (p) in the Beaver Hollow Subdivision in Sandown, (q) in Northern Shores and Winnisquam Village in Tilton and (r) in the Daniels Lake Subdivision in Weare, as respectively shown on the Service Area Website, including, but not limited to, the Kessler Farm Tank in Nashua; (vi) improvements to the Bowers Dam, Harris Dam and Supply Pond spillways in Merrimack and the Harris Dam embankment in Merrimack; (vii) back-up generator installation and pump and system operational improvements throughout the Borrower's service areas (a) in Amherst, Bedford, Derry, Hollis, Merrimack, Milford and Nashua, as respectively shown on the Service Area Website, (b) in the Woodlands Subdivision in Epping, (c) in the Shanda Farms/Great Bay Subdivision in Newmarket, (d) in the Sweet Hill, Valleyfield and Twin Ridge Subdivisions in Plaistow and (e) in the Autumn Woods Subdivision in Salem; (viii) service, hydrant and meter/radio replacements or rehabilitation throughout the Borrower's service areas (a) in Amherst, Bedford, Derry, Hollis, Merrimack, Milford and Nashua as respectively shown on the Service Area Website, (b) in the Woodlands Subdivision in Epping, (c) in the Shanda Farms/Great Bay Subdivision in Newmarket, (d) in the Sweet Hill, Valleyfield and Twin Ridge subdivisions in Plaistow and (e) in the Autumn Woods Subdivision in Salem; (ix) replacement or rehabilitation of rolling stock, lab and test equipment and other equipment at 25 Walnut Street in Nashua, 16 DW Highway in Merrimack, 200 Concord Street in Nashua and 371 Catamount Road in Pittsfield; (x) support services, generally consisting of customer service support applications, work order management applications, financial accounting and other applications and water system monitoring upgrades and enhancements at 25 Walnut Street in Nashua; (xi) data presentation and collection system development, acquisition, installation and implementation and revision 25 Walnut Street in Nashua, 16 DW Highway in Merrimack, 200 Concord Street in Nashua and 371 Catamount Road in Pittsfield; (xii) geographical information systems development, acquisition, installation, revision and implementation at 25 Walnut Street in Nashua, 16 DW Highway in Merrimack, 200 Concord Street in Nashua and 371 Catamount Road in Pittsfield; and (xiii) asset management system development, acquisition, installation, revision and implementation, including Risk and Resiliency Assessment and Emergency Response Plan development, acquisition, installation, revision and implementation, at 25 Walnut Street in Nashua, 16 DW Highway in Merrimack, 200 Concord Street in Nashua and 371 Catamount Road in Pittsfield, all of which are or will be owned, operated or used by the Borrower for the purpose of improving its collection, purification, storage and distribution of water (a) in Amherst, Bedford, Derry, Hollis, Litchfield, Londonderry, Merrimack, Milford, Nashua, Pelham, Pittsfield and Windham as respectively shown on the Service Area Website, (b) in the Woodlands Subdivision in Epping, (c) in the Shanda Farms/Great Bay Subdivision in Newmarket, (d) in the Sweet Hill, Valleyfield, Rolling Hills and Twin Ridge Subdivisions in Plaistow, (e) in the Autumn Woods Subdivision in Salem, (f) in Pioneer Business Park in Atkinson, (g) in the Lock Lake Subdivision in Barnstead, (h) in the Bow Highlands, Stone Sled and White Rock Senior Subdivisions in Bow, (i) in the Shaker Heights Subdivision in Chester, (j) in the Birch Hill Subdivision in Conway, (k) in the Forest Ridge Subdivision in Exeter, (l) in the Smythe Woods and WESCO subdivisions in Hooksett, (m) in the Thurston Woods Subdivision in Lee, (n) in the Sunrise

Subdivision in Middleton, (o) in the Clearwater, Green Hills and Liberty Hill Subdivisions in Raymond, (p) in the Beaver Hollow Subdivision in Sandown, (q) in Northern Shores and Winnisquam Village in Tilton and (r) in the Daniels Lake Subdivision in Weare.

“Project Costs” means the cost of issuing the Bonds and the costs of carrying out the Project that may be paid from Bond proceeds under the Act, including interest during construction of the Project but excluding the creation of reserves. Project Costs, including costs of issuing the Bonds paid from the proceeds of the Series A Bonds and the Series B Bonds, if any, shall also be limited to costs that are permitted to be paid or reimbursed from Bond proceeds under the Federal Tax Statement.

“Project Fund” means the fund of that name established under the Agreement and shall include the accounts established with the Project Fund.

“Rebate Fund” means the fund of that name established under the Agreement.

“Series A Bonds” means the \$_____ Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2026A (AMT), dated their date of delivery, and any bond or bonds duly issued in exchange or replacement therefor.

“Series B Bonds” means the \$_____ Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2026B (Federally Taxable), dated their date of delivery, and any bond or bonds duly issued in exchange or replacement therefor.

“State” means the State of New Hampshire.

“UCC” means the New Hampshire Uniform Commercial Code, as amended.

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT

The following is a brief summary, prepared by Hinckley, Allen & Snyder LLP, Bond Counsel, of certain provisions of the Loan and Trust Agreement dated as of June 1, 2026 (the "Agreement") among the Authority, the Institution and the Trustee pertaining to the Bonds. This summary does not purport to be complete, and reference is made to the Agreement for full and complete statements of such and all provisions.

Assignment and Pledge of the Authority

The Authority, for consideration paid as acknowledged in the Agreement, assigns and pledges to the Trustee in trust (i) all of the Authority's rights to receive and enforce repayment of its loan to the Borrower and to enforce payment of the Bonds and all proceeds of such rights and loan and (ii) all funds and investments held from time to time in the Bond Fund established under the Agreement, but not including funds received by the Authority for its own use, whether as the Authority's Service Charge, reimbursement or indemnification or the rights thereto. The Borrower joins in the pledge of such funds and investments to the extent of its interest therein. (Section 201)

Bond Fund

A Bond Fund is established with the Trustee for the account of the Borrower, and moneys shall be deposited therein as provided in the Agreement. The moneys in the Bond Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee solely to the payment of the principal of and interest on the Bonds and to the charges and disbursements of the Trustee and the Authority in accordance with the Agreement. When moneys in the Bond Fund are to be applied to the payment of the Bonds, such moneys shall be transferred by the Trustee to itself for the account of the Authority and shall then be so applied. If at any time the amount in the Bond Fund exceeds the amount necessary to pay or redeem the Bonds in full, and all amounts owing or to be owing to the Trustee, the Authority, and the Bondowners under the Agreement have been paid or provided for to the satisfaction of the Trustee, the Authority and the Bondowners, as the case may be, the excess shall be paid to the Borrower. Except as may otherwise be required by applicable law, in case any moneys deposited with the Trustee for the payment of the principal of, or interest on, any Bond remain unclaimed for three years after such principal or interest has become due and payable, the Trustee may and upon receipt of a request of the Borrower will pay over to the Borrower the amount so deposited and thereupon the Trustee and the Authority shall be released from any further liability with respect to the payment of principal or interest and the owner of such Bond shall be entitled (subject to any applicable statute of limitations) to look only to the Borrower as an unsecured creditor for the payment thereof. (Section 302)

Application of Moneys

If available moneys are not sufficient on any day to pay all principal and interest on the Bonds then due or overdue, they shall, after payment of all other amounts owing to the Trustee and the Authority under the Agreement, be applied first to the payment of interest, including interest on overdue principal, in the order in which the same became due and second to the payment of principal without regard to the order in which the same became due, in each case pro rata among Bondowners. Whenever moneys are to be applied by the Trustee pursuant to the Agreement, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion it shall fix the date (which shall be the first day of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When only interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment. (Section 303)

Payments by the Institution

Debt Service. The Borrower will pay to the Trustee for deposit in the Bond Fund at least two (2) Business Days before each date on which any payment of principal of and interest on, the Bonds shall become due, whether at

maturity, upon redemption, upon acceleration or otherwise, an amount in funds available on such Bond payment date equal to the payment then coming due less the amount, if any, then in the Bond Fund and available to pay the same. At any time when any principal of the Bonds is overdue, the Borrower shall also have a continuing obligation to pay to the Trustee for deposit in the Bond Fund an amount equal to interest on the overdue principal, but the payments required under this section shall not otherwise bear interest. The Borrower may make payments to the Bond Fund earlier than required by this section, but such payments shall not affect the accrual of interest except to the extent that Bonds are prepaid. If at any time there are insufficient funds to pay or prepay principal of and interest on the Bonds when due, the Borrower shall supply the deficiency.

Additional Payments. In addition to the payments required under Subsection 304(a) of the Agreement, the Borrower will pay to the Trustee, the Authority and the Bondowners when due all amounts owing to them respectively under the Agreement, including without limitation in the case of the Authority, the Authority's Service Charge and all other amounts which the Authority is entitled to receive hereunder as reimbursement or indemnity. (Section 304)

Unconditional Obligation

The obligations of the Borrower under the Agreement, including the obligation of the Borrower to make all payments under the Agreement, shall be unconditional and shall be binding and enforceable in all circumstances whatsoever as provided in the Act and shall not be subject to setoff, recoupment or counterclaim. The Borrower shall be obligated to make the payments under the Agreement whether or not the Project has come into existence or become functional and whether or not the Project has ceased to exist or to be functional to any extent and from any cause whatsoever. The Borrower shall be obligated to make such payments regardless of whether the Borrower is in possession or is entitled to be in possession of the Project or any part thereof. (Section 305)

Investments

Pending their use under the Agreement, moneys in the Bond Fund and Project Fund shall be invested by the Trustee at the written direction of the Borrower in the Permitted Investments described below, with maturities or subject to redemption or put at the option of the Trustee at or before the time when such moneys are required to be available if no Event of Default known to the Trustee then exists. If an Event of Default known to the Trustee exists, the Trustee's investment of such moneys shall be subject to such actual or imputed yield restrictions as Bond Counsel may determine are necessary to preserve the exemption of interest on the Bonds from federal income taxation. Any interest realized thereon and any profit realized upon the sale or other disposition thereof shall be credited to such Fund and any loss shall be charged thereto. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including investment maintenance fees. In the absence of investment instructions from the Borrower, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in Permitted Investments. The Trustee shall not be liable or responsible for losses on investments made in compliance with the provisions of the Agreement. Although the Authority and the Borrower each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority and the Borrower hereby agree that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. Any investment may be purchased from or through the Trustee or any affiliate thereof. (Section 307)

Rebate Fund

A Rebate Fund is established for the Series A Bonds by the Trustee for the purpose of complying with IRC Section 148(f) and the regulations thereunder. Amounts in the Rebate Fund shall not be available to pay principal, interest, or redemption premium on the Series A Bonds or the Series B Bonds. (Section 309)

APPENDIX C

Project

A Project Fund is established with the Trustee for the account of the Borrower. Within the Project Fund there shall be established two separate accounts to be known as the "Series A Account" and the "Series B Account," into which Bond proceeds shall be deposited. The proceeds of the sale of the Series A Bonds (except accrued interest, if any, which shall be deposited in the Bond Fund) shall be promptly deposited in the Series A Account of the Project Fund constituting the loan of the proceeds of the Series A Bonds by the Authority to the Borrower. The proceeds of the sale of the Series B Bonds (except accrued interest, if any, which shall be deposited in the Bond Fund) shall be promptly deposited in the Series B Account of the Project Fund constituting the loan of the proceeds of the Series B Bonds by the Authority to the Borrower. The moneys in the Project Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Trustee solely to the payment or reimbursement of Project Costs, including costs of issuing the Series A Bonds, in accordance with the Agreement (Section 401)

Covenants of the Borrower

Rate Covenant. If during any Fiscal Year (the "Test Year"), Borrower's Net Revenues for such Fiscal Year shall not equal at least one and one-tenth (1 1/10) times all amounts paid or required to be paid by Borrower during the Test Year with respect to Funded Debt, then Borrower shall undertake reasonable efforts to initiate a rate-making proceeding with the NHPUC that will result, if approved by the NHPUC, in Borrower's having Net Revenues in the next succeeding Fiscal Year equal to at least one and one-tenth (1 1/10) times all amounts required to be paid by Borrower during such next succeeding Fiscal Year with respect to Funded Debt. Borrower shall not be required to initiate a new rate-making procedure with the NHPUC pursuant to the Agreement as long as an issue of law or fact substantially the same to that which would be raised by any such new rate-making proceeding is then pending or has been decided pursuant to a non-appealable order of the NHPUC that prevents raising such issue in subsequent proceedings on appeal or such an issue of law or fact was previously determined adversely on appeal. In addition, Borrower shall not be required to initiate a new rate-making proceeding with the NHPUC pursuant to the Agreement if Borrower receives an order from the NHPUC within one-hundred twenty (120) days after the end of the Test Year establishing rates, fees and other charges such that, had such rates, fees and other charges been in effect for the entirety of the Test Year, Borrower would have had Net Revenues in the Test Year equal to at least one and one-tenth (1 1/10) times all amounts paid or required to be paid by Borrower during the Test Year with respect to Funded Debt. Notwithstanding anything in the Agreement to the contrary, all obligations of Borrower under the Agreement are subject to compliance by Borrower with any legislation of the United States, the State or other governmental body, or any regulation or other action taken by the federal government, any State agency, including, without limitation, the NHPUC, or any political subdivision of the State pursuant to any such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of rates, fees and other charges due to Borrower, and, in all events, the establishment of new rates, fees and other charges by Borrower is subject to the approval of the NHPUC. (Section 502)

Merger or Consolidation. The Borrower agrees that it will not become a party to any merger or consolidation unless (i) (A) the prepayment of the principal of and interest of the Bonds shall occur concurrently with said merger or consolidation, or (B) the Bonds are no longer deemed Outstanding under the Agreement, or (ii) such merger or consolidation is with a water utility and (A) for twelve consecutive months out of the fifteen months next preceding the merger or consolidation, the combined Net Revenues of the companies which are parties to the merger or consolidation shall have been at least one and one-tenth (1 1/10) times the annual amount of interest which the resulting or continuing corporation will be obligated to pay after the merger or consolidation is effected on account of Funded Debt that was incurred on or after the Effective Date and (B) the merger or consolidation shall not result in the resulting or continuing corporation having an amount of Funded Debt which is in excess of the sum of the value of the MARA and 85% of the Net Amount of Capital Properties, or its having outstanding any Funded Debt that the Borrower would not have been permitted to incur immediately prior to the transaction, or (iii) such merger or consolidation is with a water utility and (A) the Trustee on behalf of the Bondowners would in connection therewith receive, as security for the Bonds, bonds of the resulting corporation under a mortgage creating a lien on substantially all of the Capital Properties of said resulting corporation, which bonds and mortgage shall contain provisions comparable to the provisions of the Bonds (allowing for appropriate adjustments in form and substance to reflect the different nature of the securities), (B) for twelve (12) consecutive months out of the fifteen (15) months next preceding the merger or consolidation, the combined Net Revenues of the companies which are parties to the

merger or consolidation shall have been at least one and one-tenth (1 1/10) times the annual amount of interest which the resulting or continuing corporation will be obligated to pay after the merger or consolidation is effected on account of Funded Debt that was incurred on or after the Effective Date, and (C) the merger or consolidation shall not result in the resulting corporation having an amount of Funded Debt which is in excess of the sum of the value of the MARA and 85% of its Net Amount of Capital Properties. (Section 503)

Other Covenants. The Borrower agrees that it will: (a) not make any investments in securities of any corporation or make any advance, extend credit or issue any guaranty to any corporation, firm or individual, except among affiliates and except in the ordinary course of business; (b) not change the general nature of its business; nor make any sale or disposition of Capital Properties which will materially adversely affect the operation of its water business; (c) annually, as an operating expense, provide for depreciation of its properties and record the same on its books in an amount computed at a rate acceptable to the NHPUC, but in any event equal to not less than 1 1/4% of its depreciable properties as of the preceding December 31, provided however, that any such provisions made subsequent to December 31, 1985, in excess of the amount required under the Agreement in the year in which made, to the extent that it is determined such excess provision was unnecessary in accordance with generally accepted accounting principles, may be applied toward satisfying any requirement of this subsection in respect of any calendar year succeeding the calendar year in which made; and (d) not declare or pay any dividends or make any distributions on any shares of its common stock or purchase, acquire or otherwise retire for a consideration any shares of its common stock, if immediately thereafter its net worth would be less than \$4,500,000. "Net worth" means the excess of assets (including, without limitation, the MARA and Capital Properties) over all liabilities (including liabilities with respect to the Bonds) as determined by generally accepted accounting principles consistently applied. (Section 504)

APPENDIX C

Liens. (a) The Borrower agrees that it will not pledge or place or suffer to exist any mortgage or other encumbrance or lien of any kind upon Capital Properties or any part thereof, except (i) encumbrances permitted by subsection (b) below, (ii) a mortgage securing its first mortgage bonds as provided in the Agreement, and (iii) purchase money or construction mortgages or security interests, or mortgages or security interests existing on the Capital Properties at the time of acquisition thereof, or created for the purpose of financing such acquisition, and renewals or replacements of such mortgages or security interests, provided that (x) no such mortgage or security interest shall affect any Capital Properties other than those being so acquired or constructed, (y) the indebtedness being secured by such mortgage or security agreement shall not exceed 85% of the cost to the Borrower of such acquisition or construction and (z) the total indebtedness being secured by such mortgages and security agreements at any one time shall not exceed Five Million Dollars (\$5,000,000).

(b) Subsection (a) shall not apply to (i) liens for taxes payable without penalty or interest or being contested in good faith and for which the Borrower has provided an adequate reserve by proper charges to income or earned surplus; (ii) mechanics' liens and similar liens incurred in the ordinary course of business to secure debts of the Borrower not yet due; (iii) attachments against which the Borrower is adequately covered by insurance or which are discharged within sixty (60) days from the making thereof and liens of judgments or awards adequately covered by insurance or which have been in force for less than the applicable appeal period so long as execution is not levied thereunder or in respect of which an appeal or proceedings for review are pending and a stay of execution shall have been secured pending such appeal or review, provided, however, that such attachments, judgments or awards do not exceed in the aggregate the amount of \$1,000,000; and (iv) other encumbrances which in the aggregate do not materially detract from the value of said properties and assets or materially impair their use in the operation of the business. (Section 505)

Borrowings. (a) The Borrower agrees that it will not create, issue, incur, assume or guarantee any new Funded Debt (A) if thereby the total outstanding Funded Debt of the Borrower will exceed the sum of its MARA and 85% of its Net Amount of Capital Properties and (B) unless Net Revenues shall equal for at least twelve (12) consecutive months of the fifteen (15) months next preceding the creation of any debt, one and one-tenth (1 1/10) times the maximum amount for which the Borrower will thereafter be obligated to pay in any year on account of Funded Debt incurred on or after the Effective Date, including such new Funded Debt thereafter to be outstanding.

(b) The Bonds shall be ranked equally with other Funded Debt. Subject to certain provisions of the Agreement, no Funded Debt that is senior to the Bonds shall be issued as long as the Bonds are Outstanding. (Section 506)

First Mortgage Bonds. The Borrower, at its option, may at any time secure the Bonds with first mortgage bonds of the Borrower of a like principal amount, bearing interest at the same rate and maturing on the same date as the Bonds and registered in the name of and delivered to the Trustee, provided that the Borrower shall, prior to or at the time of such securing enter into an indenture of mortgage with a corporation organized and doing business under the laws of the United States or any State or territory thereof or the District of Columbia and authorized to exercise corporate trust powers, having a combined capital and surplus of at least \$25,000,000, as trustee for the holders of said bonds, which indenture shall convey to such trustee a first mortgage lien in substantially all of the Capital Properties of the Borrower as security for the payment of the bonds and the performance by the Borrower of its obligations under the indenture. The first mortgage bonds and indenture of mortgage shall contain terms and covenants substantially the same as the Bonds and the Agreement, respectively (allowing for differences in form and minor substance and with appropriate adjustments to reflect the different nature of the securities), shall be in such form and contain such provisions as are acceptable to the Trustee and as are customary for first mortgage bonds issued by corporations in the water utility industry and shall not restrict the Borrower in the operations of its business to any substantially greater extent than the Borrower is so restricted by the provisions of the Agreement and of the Bonds. Without limiting the generality of the foregoing, (i) the indenture of mortgage shall permit the issuance of additional first mortgage bonds thereunder, equally and ratably secured by the lien thereof, to the same extent as the Borrower is permitted to issue Funded Debt by the terms of the Agreement and the Bonds, and shall not limit the creation by the Borrower of indebtedness other than first mortgage bonds; and (ii) the indenture of mortgage shall not prohibit liens on Capital Properties of the Borrower junior to the lien of said indenture of mortgage. Notwithstanding anything in the Agreement to the contrary, the Borrower may not issue or permit to remain outstanding any first mortgage bonds unless all of the Bonds are fully secured by same.

(a) The Borrower shall give at least thirty (30) days written notice to the Trustee, by registered or certified mail, of the effective date of such securing of the Bonds with first mortgage bonds, specifying the effective date.

(b) Prior to or on the effective date of the issue of first mortgage bonds, and as a condition to the effectiveness of such issue, the indenture of mortgage shall be duly recorded, and financing statements shall be duly filed in respect thereof, to the extent required by law to perfect the lien of the mortgage in the Capital Properties, and the Borrower shall deliver to the trustee for the first mortgage bonds and the Trustee an opinion of counsel (who may be counsel to the Borrower) as to the validity and binding effect of the first mortgage bonds and indenture of mortgage and the title of the Borrower to its Capital Properties free and clear of all encumbrances except those permitted by the indenture of mortgage. (Section 507)

Insurance

The Borrower will maintain insurance against liability for injuries to and death of persons in the minimum amount of \$1,000,000 per occurrence and for damages to property in the minimum amount of \$500,000 per occurrence. Any such policy may exclude the first \$25,000 of loss so that the Borrower is its own insurer to that extent. Substitutions for or omissions from the required coverage may be made with the consent of the Trustee.

A duplicate copy or certificate of each policy of insurance shall be furnished to the Trustee and, at its request, to the Authority. All insurance carried under the Agreement shall be in the appropriate New Hampshire standard form and shall be with responsible and reputable companies authorized to transact business in New Hampshire. All policies of insurance shall contain a provision forbidding cancellation of such insurance by either the carrier or the insured until at least fifteen days after written notice of the proposed cancellation is given to the Trustee; and when any insurance is to expire other than by cancellation, the duplicate or certificate of the new policy shall be furnished to the Trustee at least twenty days before such expiration date. (Section 409)

Default and Remedies

Events of Default. “Event of Default” in the Agreement means any one of the following events:

Debt Service. Any principal of or interest on any Bond shall not be paid or the Borrower shall fail to make any payment or prepayment required under the Agreement, in each case within three days after the same becomes due and payable, whether at maturity, by acceleration, pursuant to any prepayment requirement or otherwise.

Certain Obligations. The Borrower shall fail to make any other payment required hereunder to the Trustee or any Bondowner and such failure is not remedied within seven days after written notice thereof is given by the Trustee to the Borrower; or the Borrower shall fail to observe or perform any of its other obligations under the Agreement and such failure is not remedied within thirty days after notice thereof is given by the Trustee to the Borrower; *provided, however*, that no Event of Default shall be deemed to have occurred by reason of any failure by the Borrower to comply with the terms of the Agreement as long as Borrower is making all payments required to be made by Borrower to the Trustee under the Agreement as and when any such payments are required to be made.

Representations. Any representation or warranty made by the Borrower in the Agreement or in any document or instrument furnished to the Bondowners in connection with the initial purchase of the Bonds or pursuant to the Agreement is false or misleading in any material respect on the date it was intended to be effective.

Other Borrowings. The Borrower shall default in the payment of any material obligations aggregating at least \$1,000,000 for borrowed money or the deferred purchase of property, including without limitation leases which should be capitalized in accordance with generally accepted accounting principles and guarantees and other contingent obligations in respect of obligations for borrowed money of others, beyond any applicable grace period, or fail to observe or perform any provision contained in any instrument evidencing, relating to or securing any such obligation, which failure causes such obligation to become due prior to its stated maturity and such failure is not waived.

APPENDIX C

Voluntary Bankruptcy. The Borrower shall commence a voluntary case under the federal bankruptcy laws, or shall admit in writing its insolvency or its inability to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property or shall generally not pay its debts as they become due.

Appointment of Receiver. A trustee, receiver, custodian or similar official or agent shall be appointed for the Borrower or any substantial part of its property.

Involuntary Bankruptcy. The Borrower shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for sixty days.

Judgments. One or more final judgments not subject to appeal or extension for payment of money exceeding in the aggregate \$500,000 in excess of the amount of insurance coverage available therefor shall be rendered against the Borrower and shall remain undischarged for a period of sixty days during which execution shall not be effectively stayed. (Section 601)

Waiver. Any default and the consequences thereof, including any acceleration, may be waived by the Bondowners with notice to the Trustee and the Authority, provided that no such waiver shall affect the right of the Authority to enforce any of its rights under the Agreement that have not been assigned to the Trustee. (Section 602)

Remedies for Events of Default. If an Event of Default exists, the Trustee may exercise any or all of the following remedies:

Acceleration. The Trustee may, by written notice to the Borrower and the Authority, declare immediately due and payable the then outstanding principal amount of the Bonds and the payments to be made by the Borrower therefor, and accrued interest or Make-Whole Amount, as applicable, on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of a secured party under the UCC with respect to any property as to which a security interest has been granted hereunder which is or may be treated as collateral under the UCC.

Court Proceedings. The Trustee may enforce the provisions of the Agreement by legal proceedings for the specific performance of any obligation contained in the Agreement or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Borrower of the provisions of the Agreement, including court costs, reasonable attorney's fees and other costs and expenses incurred in enforcing the obligations of the Borrower hereunder. (Section 603)

Performance of the Borrower's Obligations. If the Borrower shall fail to pay or perform any obligation under the Agreement, the Trustee or the Authority may, but shall not be obligated to, pay or perform such obligation in its own name. The reasonable cost of any such action by the Trustee or the Authority shall be paid or reimbursed by the Borrower with interest at the rate specified in Section 702 of the Agreement. (Section 605)

Remedies Cumulative. The rights and remedies under the Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any obligation of the Borrower or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance by the Borrower or of the right to exercise any remedy for the same or any other violation. (Section 606)

The Trustee

Performance of the Authority's Obligations. If the Authority shall fail to perform any obligation under the Agreement, the Trustee may, but shall not be obligated to, take whatever legal proceedings may be required to compel full performance by the Authority thereof, and in addition, the Trustee may, but shall not be obligated to, to whatever extent it deems appropriate for the protection of the Bondowners, itself or the Borrower, perform any such obligation in the name of the Authority and on its behalf. (Section 701)

Limitations on Actions. The Trustee shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project and, unless otherwise expressly provided, shall not have any responsibility with respect to notices, certificates or other documents filed with it hereunder. Upon a failure of the Borrower to make a payment required of it under the Agreement within seven days after the same becomes due and payable, the Trustee shall give notice to the Bondowners. The Trustee shall not be required to take notice of any other breach or default except when given written notice thereof by the owners of at least twenty-five per cent in principal amount of the Outstanding Bonds. The Trustee shall give default notice under the Agreement when instructed to do so by the written direction of the owners of at least twenty-five per cent in principal amount of the Outstanding Bonds. The Trustee shall proceed under the Agreement for the benefit of the Bondowners in accordance with the written direction of the owners of a majority in principal amount of the Outstanding Bonds. The Trustee shall not be required, however, to take any remedial action (other than the giving of notice) unless indemnity reasonably satisfactory to it is furnished for any expense or liability to be incurred therein. The Trustee shall be entitled to reimbursement pursuant to the Agreement to the extent that it acts without previously obtaining full indemnity.

Upon receipt of notice, direction, instruction and indemnity as provided above and after making such investigation, if any, as it deems appropriate to verify the occurrence of any event of which it is notified by the Bondowners, the Trustee will promptly pursue the remedy provided by the Agreement or any of such remedies (not contrary to any such direction) as it deems appropriate for the protection of the Bondowners, and in its actions under this sentence, the Trustee will act for the protection of the Bondowners with the same promptness and prudence as would be expected of a prudent person in the conduct of such person's affairs. (Section 701)

Resignation or Removal of the Trustee. The Trustee may resign on not less than thirty days' written notice to the Authority, the Borrower and the Bondowners, but such resignation shall not take effect until a successor has been appointed. If no successor is appointed within sixty days after the date of notice of resignation, the Trustee may appoint its own successor with notice to the Authority, the Bondowners and the Borrower, provided such successor meets the qualifications under the Agreement. The Trustee may be removed by thirty days' written notice from the Bondowners to the Trustee, the Authority and the Borrower. (Section 703)

Successor Trustee. Any corporation or association which succeeds to the corporate trust business of the Trustee as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Trustee under the Agreement, without any further act or conveyance.

In the event of the resignation or removal of the Trustee or a vacancy from any other cause, a successor may be appointed by written notice from the Bondowners to the Authority and the Borrower. Any successor Trustee appointed under the Agreement shall be a bank or trust company eligible to serve as Trustee under the Act having a capital and surplus of not less than \$75,000,000. Any such successor Trustee shall notify the Authority, the Borrower and the Bondowners of its acceptance of the appointment and, upon giving such notice, shall become Trustee, vested with all the property, rights and powers of the Trustee hereunder, without any further act or conveyance. Such successor Trustee shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder, and any predecessor Trustee shall from time to time execute, deliver, record and file such instruments as the incumbent Trustee may reasonably require to confirm or perfect any succession hereunder. (Section 704)

APPENDIX C

Proceedings by Bondowners

No Bondowner shall have any right to institute any legal proceedings for the enforcement of the Agreement or any remedy hereunder unless an Event of Default has occurred and is continuing of which the Trustee is required to take notice under the Agreement, the Bondowners have directed the Trustee to act and furnished the Trustee indemnity as provided therein and have afforded the Trustee reasonable opportunity to proceed, and the Trustee shall thereafter fail or refuse to take such action. Subject to the foregoing, any Bondowner may by any available legal proceedings enforce and protect its rights hereunder and under the laws of the State. (Section 902)

Corporate Existence of Borrower

The Borrower will maintain its corporate existence and good standing and qualification to do business in the State and will not, without the prior consent of the Authority and subject to any additional limitations contained in the Agreement, merge or consolidate with any other person or transfer or dispose of all or any substantial portion of its assets. (Section 204)

Amendment

The Agreement may be amended by the parties but without Bondowner consent for any of the following purposes: (a) to subject additional property to the lien of the Agreement; (b) to add to the obligations of the Borrower or to surrender or limit any right or power of the Borrower; or (c) to cure any ambiguity or defect, or to add provisions which are not inconsistent with the Agreement and which in either case do not materially adversely affect the interests of the Bondowners.

Except as provided in the foregoing sentence, the Agreement may be amended by the parties only with the written consent of the Bondowners holding a majority in outstanding principal amount of; provided, however, no amendment of the Agreement may be made without the unanimous written consent of the affected Bondowners for any of the following purposes: (1) to extend the maturity of any Bond, (2) to reduce the principal amount or interest rate of any Bond, (3) to make any Bond prepayable other than in accordance with the terms of the Agreement, (4) to create a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (5) to reduce the percentage of the outstanding principal amount of the Bonds required to be represented by the Bondowners giving their consent to any amendment. (Section 1001)

Defeasance

When the Bonds have been paid or redeemed in full or after there are in the Bond Fund sufficient funds, or noncallable obligations issued or guaranteed by the United States in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds, to pay the principal of and interest on the Bonds; when all the rights hereunder of the Authority, the Trustee and the Bondowners have been adequately provided for, including the payment in full of the Authority's Service Charge; and when the rebate, if any, due to the United States under IRC §148 has been paid in full, the Bondowners and the Authority shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of any moneys deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement including rights under the Agreement; the security interests created by the Agreement shall terminate; and the Trustee, upon the request of the Borrower, will execute and deliver such instruments as may be necessary to discharge any lien and security interests created hereunder; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Borrower shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose and moneys held for defeasance shall be invested only as provided above in this section. Any moneys or property held by the Trustee and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Borrower upon such indemnification, if any, as the Authority or the Trustee may reasonably require. If Bonds are not presented for final payment when due and moneys are available in the hands of the Trustee therefor, the Trustee will continue to hold the moneys held for that purpose subject to the Agreement, and interest shall cease to accrue on the principal amount represented thereby.

In determining the sufficiency of the moneys and/or government obligations described as aforesaid deposited pursuant to the Agreement, the Trustee, at its request, shall be entitled to receive, at the expense of the Borrower, and may rely on a verification report of a firm of nationally recognized independent certified public accountants. (Section 203)

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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28 State Street
Boston, MA 02109-1775
p: 617-345-9000 f: 617-345-9020
hinckleyallen.com

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Delivery Date of Bonds]

Business Finance Authority of the
State of New Hampshire
135 North State Street
Concord, New Hampshire 03301

\$_____ Business Finance Authority
of the State of New Hampshire
Water Facility Revenue Bonds
(Pennichuck Water Works, Inc. Project) Series 2026A (AMT)
dated as of their date of delivery (the "Series 2026A Bonds")

\$_____ Business Finance Authority
of the State of New Hampshire
Water Facility Revenue Bonds
(Pennichuck Water Works, Inc. Project) Series 2026B (Federally Taxable)
dated as of their date of delivery (the "Series 2026B Bonds," and
together with the Series 2026A Bonds, the "Bonds")

We have acted as bond counsel to the Business Finance Authority of the State of New Hampshire (the "Authority") in connection with the issuance by the Authority of the Bonds described above. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including the Loan and Trust Agreement dated as of June 1, 2026 (the "Agreement") among the Authority, Pennichuck Water Works, Inc. (the "Company") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Capitalized terms used but not defined herein shall have the same meanings as set forth in the Agreement.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Authority and the Company contained in the Agreement, the certified proceedings relating to the Bonds and other certifications of public officials furnished to us, and

certifications by officials of the Company and others, without undertaking to verify the same by independent investigation.

The Bonds are being issued pursuant to the Agreement. Under the Agreement the Company has agreed to make payments sufficient to pay when due the principal (including sinking fund installments) of, purchase price of and redemption premium (if any) and interest on the Bonds. Such payments and other moneys payable to the Authority or the Trustee under the Agreement, including proceeds derived from any security provided thereunder (collectively, the "Revenues"), and the rights of the Authority under the Agreement to receive the same (excluding, however, certain administrative fees, indemnification and reimbursements), are pledged and assigned by the Authority to the Trustee as security for the Bonds. The Bonds are payable solely from the Revenues. The Bonds do not constitute a general obligation of the Authority nor are they a debt or pledge of the faith and credit of the State of New Hampshire. Reference is hereby made to the Agreement for detailed statements of the rights and obligations (and limitations on liability, as the case may be) of the Authority, the Company, the Trustee and the owners of the Bonds.

We express no opinion with respect to compliance by the Company with applicable legal requirements in connection with the acquisition, construction, equipping, leasing or operation of the Project, or with the Agreement.

Reference is made to the opinion of even date of Rath Young and Pignatelli, P.C., counsel to the Company, with respect to, among other matters, the corporate existence of the Company, the power of the Company to carry out the Project being financed by the Bonds, the power of the Company to enter into and perform its obligations under the Agreement, and the authorization, execution and delivery of the Agreement by the Company.

Based on the foregoing, we are of the opinion that:

1. The Authority is a duly created and validly existing body corporate and politic and a public instrumentality of the State of New Hampshire with the power to enter into and perform the Agreement and to issue the Bonds.
2. The Agreement has been duly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority enforceable upon the Authority.
3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special limited obligations of the Authority, payable solely from the Revenues.
4. Interest on the Series 2026A Bonds is excluded from the gross income of the owners of the Series 2026A Bonds for federal income tax purposes, assuming continued compliance with certain covenants, and assuming the continued use of the Project financed by the Series 2026A Bonds as "facilities for the furnishing of water" within the meaning of Section 142(a)(4) of the Internal Revenue Code of 1986, as amended (the "Code"). However, we express no opinion as to the status of interest on any Series 2026A Bond during any period while it is

being held by a person who is a “substantial user” of the Project or a “related person” within the meaning of the Code. We observe that interest on the Series 2026A Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In addition, we observe that under Section 56A of the Code such interest will be included in the computation of “adjusted financial statement income” of applicable corporations (as defined in Section 59(k) of the Code) and accordingly will be taken into account in the computation of the alternative minimum tax applicable to such corporations. Further, the Code establishes certain requirements that must be continuously satisfied subsequent to the issuance of the Series 2026A Bonds in order for interest on the Series 2026A Bonds to remain excluded from gross income for federal income tax purposes. These requirements include restrictions on the use, expenditure and investment of bond proceeds and the payment of rebates, or penalties in lieu of rebate, to the United States. Failure to comply with these requirements may cause interest on the Series 2026A Bonds to become included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Series 2026A Bonds. The Company and, to the extent necessary, the Authority have covenanted to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Series 2026A Bonds.

5. Interest on the Series 2026B Bonds is included in the gross income of the owners of the Series 2026B Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences arising with respect to the Series 2026B Bonds.

6. Interest on the Bonds, including the profit made from their transfer or sale, is exempt from taxation within the State of New Hampshire. We express no opinion as to other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

\$ _____
**BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE
 WATER FACILITY REVENUE BONDS
 (PENNICHUCK WATER WORKS, INC. PROJECT) SERIES 2026A (AMT)**

\$ _____
**BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE
 WATER FACILITY REVENUE BONDS
 (PENNICHUCK WATER WORKS, INC. PROJECT)
 SERIES 2026B (FEDERALLY TAXABLE)**

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by Pennichuck Water Works, Inc., a New Hampshire public utility corporation (the “Borrower”), and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) and as initial Dissemination Agent (the “Dissemination Agent”) hereunder, in connection with the issuance by the Business Finance Authority of the State of New Hampshire (the “Authority”) of its \$ _____ Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2026A (AMT) (the “Series 2026A Bonds”), and the Authority’s \$ _____ Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2026B (Federally Taxable) (the “Series 2026B Bonds” and, collectively with the Series 2026A Bonds, the “Series 2026 Bonds”). The Series 2026 Bonds are being issued pursuant to a Loan and Trust Agreement (the “Loan and Trust Agreement”) dated as of June 1, 2026 among, the Borrower, the Authority and the Trustee. The Borrower covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with the Rule. The Borrower acknowledges that the Authority and the Trustee have undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and have no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Loan and Trust Agreement which apply to this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4(a) of this Disclosure Agreement.

“Beneficial Owner” means any person or entity that has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Series 2026 Bonds

(including any person holding Series 2026 Bonds through nominees, depositories, or other intermediaries).

“Bondholder” shall mean the registered owner of a Series 2026 Bond and any beneficial owner thereof, as established to the reasonable satisfaction of the Trustee or the Borrower.

“Borrower” shall mean Pennichuck Water Works, Inc., a New Hampshire public utility corporation.

“Dissemination Agent” shall mean, initially, the Trustee and thereafter, the Borrower or a Dissemination Agent designated in writing by the Borrower and which has filed with the Borrower a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access website.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board. Filing information relating to the MSRB is set forth in Exhibit B hereto.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Parent” means Pennichuck Corporation, a New Hampshire corporation and the sole stockholder of the Borrower.

“Participating Underwriter” shall mean the original underwriter of the Series 2026 Bonds required to comply with the Rule in connection with the offering of the Series 2026 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

SECTION 3. Provision of Reports.

(a) Each year, the Borrower shall provide, or have the Dissemination Agent provide, not later than the date six (6) months after the close of the Borrower’s fiscal year, commencing with the fiscal year ending December 31, 2026 (the “Annual Filing Deadline”), to the MSRB an Annual Report provided by the Borrower, which Annual Report the Borrower agrees shall be consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) days prior to said date, the Borrower (if it is not the Dissemination Agent) shall provide the Annual Report to the Dissemination Agent. The audited financial statements of the Parent may be submitted separately from, and at a later date than, the balance of the Annual Report if such audited financial statements are not available as of the date set forth above. If the Dissemination Agent does not receive the audited financial statements of the Parent by the required date, it shall file the audited financial statements as soon as practicable after the audited

financial statements become available. If the Borrower is not serving as the Dissemination Agent, the Borrower shall submit the audited financial statements of the Parent to the Dissemination Agent as soon as practicable after they become available and the Dissemination Agent shall submit the audited financial statements of the Parent to the MSRB as soon as practicable thereafter. The Borrower shall provide a copy of the Annual Report to the Authority and the Trustee.

(b) In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, in each case, that the Borrower shall provide clear written instructions to the Dissemination Agent as to the complete list of documents comprising each Annual Report.

(c) The Dissemination Agent shall file a report with the Borrower (if the Borrower is not acting as Dissemination Agent), the Authority and the Trustee (if the Trustee is not then acting as Dissemination Agent) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided (the “Compliance Certificate”); such report shall include a certification from the Borrower that the Annual Report complies with the requirements of this Disclosure Agreement.

(d) If the Trustee has not received the Annual Report (if it is acting as the Dissemination Agent) or has not received a Compliance Certificate (if it is not acting as the Dissemination Agent) by the Annual Filing Deadline, the Trustee shall send, and the Borrower hereby authorizes and directs the Trustee to submit on its behalf, a notice to the MSRB in substantially the form attached as Exhibit A.

(e) If the Dissemination Agent is not the Borrower, and the Dissemination Agent has not provided the Annual Report to the MSRB by the Annual Filing Deadline, the Borrower shall send, or cause the Dissemination Agent to send, a notice substantially in the form of Exhibit A irrespective of whether the Trustee submits such written notice.

SECTION 4. Content of Reports.

(a) The Borrower’s Annual Report shall contain or incorporate by reference financial information and operating data as set forth below:

1. Unaudited financial statements of the Borrower for the most recent fiscal year; and
2. Audited financial statements of the Parent for the most recent fiscal year.

(b) The audited financial statements provided pursuant to Sections 3 and 4(a) of this Disclosure Agreement shall be prepared in conformity with generally accepted accounting principles, as in effect from time to time. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “obligated person” covered by the Rule, which (i) are available to the public on EMMA or (ii) have been filed with the Securities and Exchange

Commission. The Borrower shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Series 2026 Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2026A Bonds, or other material events affecting the tax status of the Series 2026A Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material (the giving of notice of regularly scheduled mandatory sinking fund redemption shall not be deemed material for this purpose);
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2026 Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event with respect to an obligated person;*
13. The consummation of a merger, consolidation, acquisition or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into an agreement to take such an action or termination of an agreement to undertake any such action, other than pursuant to its terms, if material;
14. Appointment of a successor or an additional trustee or change in the name of a trustee, if material;

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

15. incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect Bondowners, if material;¹ or
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties.¹

(b) Whenever the Borrower obtains knowledge of the occurrence of a Listed Event, the Borrower shall, in a timely manner not to exceed ten (10) Business Days, file, or if the Borrower is not acting as the Dissemination Agent, direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Borrower shall provide a copy of each such notice to the Authority and the Trustee. The Dissemination Agent, if other than the Borrower, shall have no duty to file a notice of an event described hereunder unless it is directed in writing to do so by the Borrower, and shall have no responsibility for verifying any of the information in any such notice or determining the materiality of the event described in such notice.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Borrower's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2026 Bonds or upon delivery to the Trustee of an opinion of counsel expert in federal securities laws selected by the Borrower and acceptable to the Trustee to the effect that compliance with this Disclosure Agreement no longer is required by the Rule. If the Borrower's obligations under the Loan and Trust Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower and the original Borrower shall have no further responsibility hereunder.

SECTION 8. Dissemination Agent. The Borrower may, from time to time with notice to the Trustee and the Authority, appoint or engage a third-party Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may, with notice to the Trustee and the Authority, discharge any such third-party Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Borrower) and the Trustee may resign upon thirty (30) days written notice to the Borrower, the Trustee and the Authority. In acting as Dissemination Agent hereunder, the Trustee, and the Trustee acting in the capacity as Trustee hereunder, shall be entitled to all of the rights,

¹ For purposes of the events identified in Sections 5(a)(15) and (16) above, the term "financial obligation" means a i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

protections, privileges and immunities afforded it under the Loan and Trust Agreement. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as the initial Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and, if the Borrower is not acting as the Dissemination Agent, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and, except as provided in the last sentence of this Section 9, the Dissemination Agent shall agree to any amendment so requested by the Borrower) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Borrower and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, violate the Rule or the terms of the Loan and Trust Agreement. Without limiting the foregoing, the Borrower and the Dissemination Agent may amend this Disclosure Agreement if (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Borrower or of the type of business conducted by the Borrower, (b) this Disclosure Agreement, as so amended, would have complied with the requirements of the Rule at the time the Series 2026 Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (c) (i) the Trustee determines, or the Trustee receives an opinion of counsel expert in federal securities laws and acceptable to the Trustee to the effect that, the amendment does not materially impair the interests of the Bondholders or (ii) the amendment is consented to by the Bondholders as though it were an amendment to the Loan and Trust Agreement pursuant to Section 1001 of the Loan and Trust Agreement; and (d) the amendment complies with the terms of the Loan and Trust Agreement. The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. Neither the Trustee nor the Dissemination Agent shall be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its respective rights or immunities or increases its respective duties hereunder.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Bondholders representing at least a majority in aggregate principal amount of Outstanding Bonds and the provision of indemnity satisfactory to the Trustee, shall), take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its

obligations under this Disclosure Agreement. Without regard to the foregoing, any Bondholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Loan and Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance hereunder.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and the Trustee. The Dissemination Agent (if the Trustee is acting in such capacity) and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent (if the Trustee is acting in such capacity) and the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's and the Trustee's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and the Trustee and payment of the Series 2026 Bonds. The Borrower covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement.

The Dissemination Agent (if the Trustee is acting in such capacity) and the Trustee shall not be liable in connection with the performance of its duties hereunder, except for its negligence or willful misconduct. IN NO EVENT SHALL THE DISSEMINATION AGENT (IF THE TRUSTEE IS ACTING IN SUCH CAPACITY) OR THE TRUSTEE BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH RESULT FROM THE DISSEMINATION AGENT'S OR TRUSTEE'S FAILURE TO ACT IN ACCORDANCE WITH THE STANDARDS SET FORTH IN THIS DISCLOSURE AGREEMENT, OR (ii) SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, EVEN IF THE DISSEMINATION AGENT OR THE TRUSTEE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the Trustee, the Authority, the Underwriter and the Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Disclaimer. No Annual Report or notice of a Listed Event filed by or on behalf of the Borrower under this Disclosure Agreement shall obligate the Borrower to file any information regarding matters other than those specifically described in Section 4 and Section 5 hereof, nor shall any such filing constitute a representation by the Borrower or raise any inference that no other material events have occurred with respect to the Borrower or the Series 2026 Bonds or that all material information regarding the Borrower or the Series 2026 Bonds has been disclosed. The Borrower shall have no obligation under this Disclosure Agreement to

update information provided pursuant to this Disclosure Agreement except as specifically stated herein or as required by the Rule.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. Merger, Etc. Any banking association or corporation into which the Dissemination Agent (if other than the Borrower) or the Trustee, as the case may be, may be merged, converted or with which the Dissemination Agent or the Trustee, as the case may be, may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Dissemination Agent or the Trustee, as the case may be, shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Dissemination Agent or the Trustee, as the case may be, shall be transferred, shall succeed to all the Dissemination Agent's or the Trustee's respective rights, protections, obligations, privileges and immunities hereunder, as the case may be, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 17. Governing Law. Except to the extent governed by the Rule and related Federal law, this Disclosure Agreement shall be governed, construed, interpreted and enforced pursuant to and under the law of the State of New Hampshire.

[Signature Page Follows]

Dated: June __, 2026

PENNICHUCK WATER WORKS, INC.

By: _____

Dated: June __, 2026

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,

As Dissemination Agent and the Trustee

By: _____

Authorized Signatory

EXHIBIT A

**NOTICE TO THE MSRB OF FAILURE TO FILE
ANNUAL REPORT**

Name of Authority: Business Finance Authority of the State of New Hampshire

Name of Bond Issue: \$ _____
Business Finance Authority of State of New Hampshire
Water Facility Revenue Bonds
(Pennichuck Water Works, Inc. Project) Series 2026

Name of Obligated Person: Pennichuck Water Works, Inc.

Date of Issuance: June __, 2026

NOTICE IS HEREBY GIVEN that Pennichuck Water Works, Inc. (the “Borrower”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated June __, 2026 between the Borrower and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) and Dissemination Agent.

Dated: _____

[TRUSTEE/DISSEMINATION AGENT on behalf of]
[BORROWER]

[cc: Borrower]

EXHIBIT B
FILING INFORMATION FOR THE MSRB

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board
<http://emma.msrb.org/>

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