



## **FortisBC Inc.**

An indirect subsidiary of Fortis Inc.

Condensed Consolidated Interim Financial Statements  
For the quarter ended March 31, 2026 and 2025  
(Unaudited)

**FortisBC Inc.**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
**As at**  
(in millions of Canadian dollars)

<b>ASSETS</b>	Note	<b>March 31, 2026</b>	December 31, 2025
<b>Current assets</b>			
Cash		\$ 4	\$ 10
Accounts receivable and other current assets, net		68	60
Inventories		1	1
Prepaid expenses		7	4
Regulatory assets		9	9
<b>Total current assets</b>		<b>89</b>	<b>84</b>
<b>Property, plant and equipment, net</b>		<b>2,021</b>	<b>2,008</b>
<b>Intangible assets, net</b>		<b>78</b>	<b>78</b>
<b>Regulatory assets</b>		<b>537</b>	<b>525</b>
<b>Other assets</b>		<b>22</b>	<b>22</b>
<b>Goodwill</b>		<b>235</b>	<b>235</b>
<b>TOTAL ASSETS</b>		<b>\$ 2,982</b>	<b>\$ 2,952</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Credit facilities		\$ 114	\$ 149
Accounts payable and other current liabilities		96	92
Current portion of finance lease obligations		3	3
Regulatory liabilities		5	6
<b>Total current liabilities</b>		<b>218</b>	<b>250</b>
<b>Long-term debt</b>	9	<b>952</b>	<b>952</b>
<b>Finance lease obligations</b>		<b>356</b>	<b>348</b>
<b>Regulatory liabilities</b>		<b>65</b>	<b>62</b>
<b>Deferred income tax</b>		<b>302</b>	<b>298</b>
<b>Other liabilities</b>		<b>35</b>	<b>35</b>
<b>Total liabilities</b>		<b>1,928</b>	<b>1,945</b>
<b>Equity</b>			
Common shares <sup>1</sup>		409	369
Additional paid-in capital		322	322
Retained earnings		323	316
<b>Total equity</b>		<b>1,054</b>	<b>1,007</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 2,982</b>	<b>\$ 2,952</b>

1 500 million authorized common shares with a par value of \$100 each; 4.1 million issued and outstanding at March 31, 2026 (December 31, 2025 - 3.7 million).

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

**FortisBC Inc.**  
**Condensed Consolidated Statements of Earnings (Unaudited)**  
**For the quarter ended March 31**  
(in millions of Canadian dollars)

	Note	Quarter Ended	
		2026	2025
<b>Revenue</b>	5	\$ 147	\$ 148
<b>Expenses</b>			
Power purchase costs		46	53
Operating costs		30	26
Property and other taxes		6	5
Depreciation and amortization		21	20
<b>Total expenses</b>		<b>103</b>	104
<b>Operating income</b>		<b>44</b>	44
Other income		1	1
Finance charges	6	20	20
<b>Earnings before income taxes</b>		<b>25</b>	25
Income tax expense		3	4
<b>Net earnings</b>		<b>\$ 22</b>	\$ 21

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

**FortisBC Inc.**  
**Condensed Consolidated Statements of Changes in Equity (Unaudited)**  
**For the quarter ended March 31**  
(in millions of Canadian dollars, except share numbers)

	Common Shares (# millions)	Common Shares	Additional Paid-in Capital	Retained Earnings	Total
As at December 31, 2024	3.7	\$ 369	\$ 322	\$ 301	992
Net earnings	-	-	-	21	21
Dividends on common shares	-	-	-	(15)	(15)
As at March 31, 2025	3.7	\$ 369	\$ 322	\$ 307	998
As at December 31, 2025	<b>3.7</b>	<b>\$ 369</b>	<b>\$ 322</b>	<b>\$ 316</b>	<b>1,007</b>
Net earnings	-	-	-	22	22
Issuance of common shares	<b>0.4</b>	<b>40</b>	-	-	<b>40</b>
Dividends on common shares	-	-	-	(15)	(15)
<b>As at March 31, 2026</b>	<b>4.1</b>	<b>\$ 409</b>	<b>\$ 322</b>	<b>\$ 323</b>	<b>1,054</b>

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

**FortisBC Inc.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
**For the quarter ended March 31**  
(in millions of Canadian dollars)

	Note	Quarter ended	
		2026	2025
<b>Operating activities</b>			
Net earnings		\$ 22	\$ 21
Adjustments to reconcile net earnings to cash from operating activities:			
Depreciation and amortization		21	20
Equity component of allowance for funds used during construction		(1)	-
Accrued employee future benefits		(1)	(1)
Change in regulatory assets and liabilities	2	1	2
Change in working capital	2, 8	4	3
<b>Cash from operating activities</b>		<b>46</b>	<b>45</b>
<b>Investing activities</b>			
Property, plant and equipment additions	8	(41)	(33)
Intangible asset additions		(1)	(1)
Contributions in aid of construction		3	2
Change in other assets and other liabilities		(3)	(2)
<b>Cash used in investing activities</b>		<b>(42)</b>	<b>(34)</b>
<b>Financing activities</b>			
Proceeds from credit facility		213	51
Repayment of credit facility		(248)	(48)
Issuance of common shares		40	-
Dividends on common shares		(15)	(15)
<b>Cash used in financing activities</b>		<b>(10)</b>	<b>(12)</b>
<b>Net change in cash</b>		<b>(6)</b>	<b>(1)</b>
Cash at beginning of period		10	9
<b>Cash at end of period</b>		<b>\$ 4</b>	<b>\$ 8</b>

Supplementary Information to Condensed Consolidated Statements of Cash Flows (note 8).

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

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**FortisBC Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
**For the quarter ended March 31, 2026 and 2025**

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## **1. DESCRIPTION OF THE BUSINESS**

FortisBC Inc. ("FBC" or the "Corporation") is a wholly-owned subsidiary of FortisBC Pacific Holdings Inc. ("FortisBC Pacific"), which is an indirect wholly-owned subsidiary of Fortis Inc. ("Fortis"). Fortis shares are listed on both the Toronto Stock Exchange and the New York Stock Exchange.

FBC is an integrated, regulated electric utility operating in the southern interior of British Columbia ("BC"), serving approximately 199,900 customers directly and indirectly. The Corporation's business includes four hydroelectric generating plants, approximately 7,380 kilometers of transmission and distribution power lines, and a historical peak demand of 835 megawatts.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

These Condensed Consolidated Interim Financial Statements ("Interim Financial Statements") have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for Interim Financial Statements and are presented in Canadian dollars unless otherwise specified. As a result, these Interim Financial Statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Corporation's 2025 Annual Audited Consolidated Financial Statements ("Annual Financial Statements"). In management's opinion, the Interim Financial Statements include all adjustments that are necessary to present fairly the consolidated financial position, results of operations, and cash flows of the Corporation. Prior year comparatives in the Condensed Consolidated Statements of Cash Flows have been recast to align with current year presentation.

The accounting policies and methods of application used in the preparation of these Interim Financial Statements are consistent with the accounting policies used in FBC's Annual Financial Statements as at and for the year ended December 31, 2025.

The Interim Financial Statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

An evaluation of subsequent events through May 5, 2026, the date these Interim Financial Statements were issued, was completed to determine whether any circumstances warranted recognition or disclosure of events or transactions in the Interim Financial Statements as at March 31, 2026. No subsequent events have been identified for disclosure in these Interim Financial Statements.

### **New Accounting Policies**

FBC considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). During the three months ended March 31, 2026, there were no ASUs issued by FASB that have a material impact on these Interim Financial Statements.

### **Future Accounting Pronouncements**

The following updates have been issued by FASB, but have not yet been adopted by the Corporation. Any ASUs issued by FASB that are not included in the Interim Financial Statements were assessed and determined to be either not applicable to the Corporation or not expected to have a material impact on the Interim Financial Statements.

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**FortisBC Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
**For the quarter ended March 31, 2026 and 2025**

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### *Disaggregation of Income Statement Expenses*

ASU No. 2024-03, *Disaggregation of Income Statement Expenses*, issued in November 2024, is effective for the Corporation's December 31, 2027 annual financial statements, and for interim periods beginning in 2028 on a prospective basis, with retrospective application and early adoption permitted. The ASU requires entities to disclose disaggregated information about five expense categories underlying its income statement line items. The Corporation is assessing the impact of adoption of this ASU on the disclosures to its consolidated financial statements.

### *Targeted Improvements to the Accounting for Internal-Use Software*

ASU No. 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*, issued in September 2025, is effective for the Corporation's December 31, 2028 annual financial statements, and may be adopted prospectively, retrospectively, or using a modified transition approach, with early adoption permitted. The ASU removes references to development stages and requires capitalization of software costs once funding is authorized and project completion is probable, including assessment of whether significant development uncertainty exists. The guidance also clarifies that all capitalized internal-use software costs must follow the disclosure requirements in ASC Topic 360, *Property, Plant and Equipment*. The Corporation is assessing the impact of adoption of this ASU on its consolidated financial statements.

## **3. REGULATORY MATTERS**

### **Rate Framework for 2025 to 2027 ("Rate Framework")**

In March 2025, the BCUC issued its decision on FBC and FEI's application requesting approval of a Rate Framework for the years 2025 to 2027. The Rate Framework builds upon the 2020-2024 Multi-Year Rate Plan ("MRP") and for FBC includes, amongst other items, updates to depreciation and capitalized overhead rates, a revised level of operation and maintenance expense per customer indexed for inflation less a fixed productivity adjustment factor, a forecast approach to growth, sustainment and other capital, an updated set of service quality indicators designed to ensure the Corporation maintains service levels, and a continued 50/50 sharing between customers and the Corporation of variances from the allowed return on equity ("ROE"). The Rate Framework also includes a continuation of the main deferral mechanisms that were in place under the MRP.

In December 2025, the BCUC approved a 2026 rate increase of 3.63 percent over 2025 rates, and a 2026 forecast average rate base of \$1,897 million.

## **4. SEASONALITY OF OPERATIONS**

Interim results fluctuate due to the seasonal demands for electricity, the timing of incurring costs, the movements of electricity prices, and the timing and recognition of regulatory decisions. FBC's operations generally produce higher net earnings in the second quarter due to the timing of power purchases, with lower net earnings in the third quarter and higher net earnings in the first and fourth quarters due to variances in customer load as a result of weather. Certain expenses such as depreciation, interest and operating expenses remain more evenly distributed throughout the fiscal year. As a result of the seasonality, interim net earnings are not indicative of net earnings on an annual basis.

**FortisBC Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
**For the quarter ended March 31, 2026 and 2025**

**5. REVENUE**

**Disaggregation of Revenue**

The following table presents the disaggregation of the Corporation's revenue by type of customer:

<i>(\$ millions)</i>	Quarter ended March 31	
	2026	2025
Residential	71	75
Commercial	34	33
Wholesale	18	17
Industrial	16	17
<b>Total electricity revenue</b>	<b>139</b>	142
Other contract revenue (a)	11	11
<b>Total revenue from contracts with customers</b>	<b>150</b>	153
Alternative revenue (b)	4	(4)
Other revenue (c)	(7)	(1)
<b>Total revenue</b>	<b>147</b>	148

(a) Other contract revenue includes utility customer connection fees, surplus power sales, revenue from third party contract work, and pole attachments.

(b) Alternative revenue includes the Earnings Sharing Mechanism, which recognizes the 50/50 sharing of variances from the allowed ROE, and flow-through variances related to tariff-based revenue.

(c) Other revenue is primarily comprised of other flow-through and regulatory deferral adjustments resulting from cost recovery variances in regulated forecasts used to set rates for electricity revenue.

**6. FINANCE CHARGES**

<i>(\$ millions)</i>	Quarter ended March 31	
	2026	2025
Interest on long-term debt	11	11
Interest on short-term debt	1	1
<b>Net interest on debt</b>	<b>12</b>	12
Interest on finance leases	8	8
<b>Total finance charges</b>	<b>20</b>	20

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**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
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**7. EMPLOYEE FUTURE BENEFITS**

The Corporation is a sponsor of pension plans for eligible employees. The plans include registered defined benefit pension plans, the supplemental unfunded arrangements, and defined contribution plans. In addition to pensions, the Corporation provides other post-employment benefits (“OPEB”) for certain of its retired employees. The following table presents the net benefit cost for these plans.

<i>(\$ millions)</i>	Quarter ended March 31			
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
	2026	2025	2026	2025
<b>Components of net benefit cost</b>				
Service costs	1	1	-	-
Interest costs	3	3	-	-
Expected return on plan assets	(4)	(4)	-	-
<b>Net benefit cost</b>	-	-	-	-

The Corporation’s estimated annual 2026 contributions are \$4 million (estimated 2025 contributions - \$3 million) for defined benefit pension plans and \$1 million (estimated 2025 contributions - \$1 million) for OPEB plans.

**8. SUPPLEMENTARY INFORMATION TO CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(\$ millions)</i>	Quarter ended March 31	
	2026	2025
<b>Change in working capital</b>		
Accounts receivable and other current assets	(8)	(8)
Prepaid expenses	(3)	(2)
Regulatory assets	3	(1)
Accounts payable and other current liabilities	13	10
Regulatory liabilities	(1)	4
<b>Total change in working capital</b>	4	3
<b>Non-cash Investing Activities as at March 31</b>		
Accrued capital expenditures	14	20

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**9. FINANCIAL INSTRUMENTS**

**Financial Instruments Not Measured At Fair Value**

The following table presents the carrying value, excluding unamortized debt issuance costs, and estimated fair value of the Corporation's long-term debt.

		As at			
		March 31, 2026		December 31, 2025	
<i>(\$ millions)</i>	Fair Value Hierarchy	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	960	905	960	914