



FortisBC Inc.

An indirect subsidiary of Fortis Inc.

Condensed Consolidated Interim Financial Statements
For the quarter ended March 31, 2025 and 2024
(Unaudited)

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

ASSETS	Note	March 31, 2025	December 31, 2024
Current assets			
Cash		\$ 8	\$ 9
Accounts receivable and other current assets, net		69	61
Inventories		1	1
Prepaid expenses		5	3
Regulatory assets		10	9
Total current assets		93	83
Property, plant and equipment, net		1,915	1,903
Intangible assets, net		73	74
Regulatory assets		496	484
Other assets		21	21
Goodwill		235	235
TOTAL ASSETS		\$ 2,833	\$ 2,800
LIABILITIES AND EQUITY			
Current liabilities			
Credit facilities		\$ 36	\$ 33
Accounts payable and other current liabilities		109	101
Current portion of finance lease obligations		3	3
Regulatory liabilities		6	8
Total current liabilities		154	145
Long-term debt	9	952	952
Finance lease obligations		350	342
Regulatory liabilities		64	55
Deferred income tax		279	277
Other liabilities		36	37
Total liabilities		1,835	1,808
Equity			
Common shares ¹		369	369
Additional paid-in capital		322	322
Retained earnings		307	301
Total equity		998	992
TOTAL LIABILITIES AND EQUITY		\$ 2,833	\$ 2,800

1 500 million authorized common shares with a par value of \$100 each; 3.7 million issued and outstanding at March 31, 2025 (December 31, 2024 - 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)

		Quarter Ended	
	Note	2025	2024
Revenue	5	\$ 148	\$ 141
Expenses			
Power purchase costs		53	49
Operating costs		26	24
Property and other taxes		5	5
Depreciation and amortization		20	22
Total expenses		104	100
Operating income		44	41
Other income		1	1
Finance charges	6	20	20
Earnings before income taxes		25	22
Income tax expense		4	3
Net earnings		\$ 21	\$ 19

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, 2023	3.4	\$ 339	\$ 322	\$ 285	\$ 946
Net earnings	-	-	-	19	19
Dividends on common shares	-	-	-	(13)	(13)
As at March 31, 2024	3.4	\$ 339	\$ 322	\$ 291	\$ 952
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

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	
		2025	2024
Operating activities			
Net earnings		\$ 21	\$ 19
Adjustments to reconcile net earnings to cash from operating activities:			
Depreciation and amortization		20	22
Accrued employee future benefits		(1)	(1)
Change in regulatory assets and liabilities		5	(2)
Change in working capital	8	-	(2)
Cash from operating activities		45	36
Investing activities			
Property, plant and equipment additions	8	(33)	(27)
Intangible asset additions		(1)	(1)
Contributions in aid of construction		2	2
Change in other assets and other liabilities		(2)	(2)
Cash used in investing activities		(34)	(28)
Financing activities			
Proceeds from credit facility	2	51	216
Repayment of credit facility	2	(48)	(208)
Dividends on common shares		(15)	(13)
Cash used in financing activities		(12)	(5)
Net change in cash		(1)	3
Cash at beginning of period		9	-
Cash at end of period		\$ 8	\$ 3

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

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter ended March 31, 2025 and 2024

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 196,400 customers directly and indirectly. The Corporation's business includes four hydroelectric generating plants, approximately 7,350 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 have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for Condensed Consolidated Interim Financial Statements and are presented in Canadian dollars unless otherwise specified. As a result, these Condensed Consolidated 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 2024 Annual Audited Consolidated Financial Statements ("Annual Financial Statements"). In management's opinion, the Condensed Consolidated 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 Condensed Consolidated 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, 2024.

The Condensed Consolidated 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 6, 2025, the date these Condensed Consolidated Interim Financial Statements were issued, was completed to determine whether any circumstances warranted recognition or disclosure of events or transactions in the Condensed Consolidated Interim Financial Statements as at March 31, 2025. No subsequent events have been identified for disclosure in these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter ended March 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Policies

Improvements to Income Tax Disclosures

Accounting Standards Update ("ASU") No. 2023-09, *Improvements to Income Tax Disclosures*, issued in December 2023, is effective for the Corporation January 1, 2025 on a prospective basis, with retrospective application and early adoption permitted. Principally, it requires additional disclosure of income tax information by jurisdiction to reflect an entity's exposure to potential changes in tax legislation, and associated risks and opportunities. The Corporation does not expect the ASU to materially impact its disclosures.

FBC considers the applicability and impact of all ASUs issued by the Financial Accounting Standards Board ("FASB"). During the three months ended March 31, 2025, there were no other ASUs issued by FASB that have a material impact on the Condensed Consolidated 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 Condensed Consolidated 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 Condensed Consolidated Interim Financial Statements.

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.

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 was in place under the MRP.

In November 2024, the BCUC approved a 2025 rate increase of 5.65 percent over 2024 rates, on an interim and refundable basis, and a 2025 forecast average rate base of \$1,794 million. FBC intends to file annual review materials in mid-2025 to set permanent rates.

FortisBC Inc.
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter ended March 31, 2025 and 2024

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.

5. REVENUE

Disaggregation of Revenue

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

(\$ millions)	Quarter ended March 31	
	2025	2024
Residential	75	71
Commercial	33	33
Wholesale	17	18
Industrial	17	14
Total electricity revenue	142	136
Other contract revenue (a)	11	10
Total revenue from contracts with customers	153	146
Alternative revenue (b)	(4)	(7)
Other revenue (c)	(1)	2
Total revenue	148	141

- (a) Other contract revenue includes utility customer connection fees, surplus power sales, revenue from third party contract work and pole attachments, and revenue from the sale of carbon credits.
- (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.

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6. FINANCE CHARGES

	Quarter ended March 31	
<i>(\$ millions)</i>	2025	2024
Interest on long-term debt	11	10
Interest on short-term debt	1	2
Net interest on debt	12	12
Interest on finance leases	8	8
Total finance charges	20	20

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.

	Quarter ended March 31			
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
<i>(\$ millions)</i>	2025	2024	2025	2024
Components of net benefit cost				
Service costs	1	1	-	-
Interest costs	3	3	-	-
Expected return on plan assets	(4)	(4)	-	-
Net benefit cost	-	-	-	-

The Corporation's estimated annual 2025 contributions are \$3 million (estimated 2024 contributions - \$3 million) for defined benefit pension plans and \$1 million (estimated 2024 contributions - \$1 million) for OPEB plans.

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For the quarter ended March 31, 2025 and 2024

8. SUPPLEMENTARY INFORMATION TO CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter ended March 31	
<i>(\$ millions)</i>	2025	2024
Change in working capital		
Accounts receivable and other current assets	(8)	(13)
Prepaid expenses	(2)	(2)
Accounts payable and other current liabilities	10	13
Total change in working capital	-	(2)
<i>(\$ millions)</i>	2025	2024
Non-cash Investing Activities as at March 31		
Accrued capital expenditures	20	14

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, 2025		December 31, 2024	
<i>(\$ millions)</i>	Fair Value Hierarchy	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	960	961	960	946