FortisBC Inc.

An indirect subsidiary of Fortis Inc.

Condensed Consolidated Interim Financial Statements
For the quarter and six months ended June 30, 2026 and 2025
(Unaudited)

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

ASSETS	Note		June 30, 2026		December 31, 2025
Current assets					
Cash		$	7	$	10
Accounts receivable and other current assets, net			55		60
Inventories			1		1
Prepaid expenses			14		4
Regulatory assets			13		9
Total current assets			90		84
Property, plant and equipment, net			2,061		2,008
Intangible assets, net			78		78
Regulatory assets			540		525
Other assets			37		22
Goodwill			235		235
TOTAL ASSETS		$	3,041	$	2,952
LIABILITIES AND EQUITY					
Current liabilities					
Credit facilities		$	177	$	149
Accounts payable and other current liabilities			71		92
Current portion of finance lease obligations			4		3
Regulatory liabilities			3		6
Total current liabilities			255		250
Long-term debt	9		952		952
Finance lease obligations			346		348
Regulatory liabilities			68		62
Deferred income tax			309		298
Other liabilities			48		35
Total liabilities			1,978		1,945
Equity					
Common shares [1]			409		369
Additional paid-in capital			322		322
Retained earnings			332		316
Total equity			1,063		1,007
TOTAL LIABILITIES AND EQUITY		$	3,041	$	2,952

1 500 million authorized common shares with a par value of $100 each; 4.1 million issued and outstanding at June 30, 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 and six months ended June 30
(in millions of Canadian dollars)

		Quarter Ended		Six months ended	
	Note	**2026**	2025	**2026**	2025
Revenue	5	**$ 125**	$ 120	**$ 272**	$ 268
Expenses					
Power purchase costs		**23**	26	**69**	79
Operating costs		**30**	26	**60**	52
Property and other taxes		**6**	5	**12**	10
Depreciation and amortization		**22**	20	**43**	40
Total expenses		**81**	77	**184**	181
Operating income		**44**	43	**88**	87
Other income		**2**	1	**3**	2
Finance charges	6	**21**	20	**41**	40
Earnings before income taxes		**25**	24	**50**	49
Income tax expense		**2**	4	**5**	8
Net earnings		**$ 23**	$ 20	**$ 45**	$ 41

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
For the six months ended June 30
(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	-		-		-		41		41
Dividends on common shares	-		-		-		(29)		(29)
As at June 30, 2025	3.7	$	369	$	322	$	313	$	1,004
As at December 31, 2025	**3.7**	**$**	**369**	**$**	**322**	**$**	**316**	**$**	**1,007**
Net earnings	**-**		**-**		**-**		**45**		**45**
Issuance of common shares	**0.4**		**40**		**-**		**-**		**40**
Dividends on common shares	**-**		**-**		**-**		**(29)**		**(29)**
As at June 30, 2026	**4.1**	**$**	**409**	**$**	**322**	**$**	**332**	**$**	**1,063**

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
For the quarter and six months ended June 30
(in millions of Canadian dollars)

		Quarter ended		Six months ended	
	Note	**2026**	2025	**2026**	2025
Operating activities					
Net earnings		**$ 23**	$ 20	**$ 45**	$ 41
Adjustments to reconcile net earnings to cash from operating activities:					
Depreciation and amortization		**22**	20	**43**	40
Equity component of allowance for funds used during construction		**-**	(1)	**(1)**	(1)
Accrued employee future benefits		**(1)**	(1)	**(2)**	(2)
Change in regulatory assets and liabilities	2	**5**	1	**6**	3
Change in working capital	2, 8	**(35)**	(26)	**(31)**	(23)
Cash from operating activities		**14**	13	**60**	58
Investing activities					
Property, plant and equipment additions	8	**(54)**	(41)	**(95)**	(74)
Intangible asset additions		**(2)**	(2)	**(3)**	(3)
Contributions in aid of construction		**2**	2	**5**	4
Change in other assets and other liabilities		**(5)**	(3)	**(8)**	(5)
Cash used in investing activities		**(59)**	(44)	**(101)**	(78)
Financing activities					
Proceeds from credit facility		**214**	109	**427**	160
Repayment of credit facility		**(151)**	(60)	**(399)**	(108)
Repayment of finance lease obligations		**(1)**	(1)	**(1)**	(1)
Issuance of common shares		**-**	-	**40**	-
Dividends on common shares		**(14)**	(14)	**(29)**	(29)
Cash from financing activities		**48**	34	**38**	22
Net change in cash		**3**	3	**(3)**	2
Cash at beginning of period		**4**	8	**10**	9
Cash at end of period		**$ 7**	$ 11	**$ 7**	$ 11

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

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

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 200,300 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 July 30, 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 June 30, 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 six months ended June 30, 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.

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.

5. REVENUE

Disaggregation of Revenue

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

	Quarter ended June 30		**Six months ended June 30**	
($ millions)	**2026**	2025	**2026**	2025
Residential	**48**	43	**119**	118
Commercial	**35**	31	**69**	64
Wholesale	**13**	14	**31**	31
Industrial	**15**	18	**31**	35
Total electricity revenue	**111**	106	**250**	248
Other contract revenue (a)	**9**	8	**20**	19
Total revenue from contracts with customers	**120**	114	**270**	267
Alternative revenue (b)	**12**	7	**16**	3
Other revenue (c)	**(7)**	(1)	**(14)**	(2)
Total revenue	**125**	120	**272**	268

(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

	Quarter ended June 30		Six months ended June 30	
($ millions)	**2026**	2025	**2026**	2025
Interest on long-term debt	**12**	12	**23**	23
Interest on short-term debt	**1**	-	**2**	1
Debt component of allowance for funds used during construction	**(1)**	-	**(1)**	-
Net interest on debt	**12**	12	**24**	24
Interest on finance leases	**9**	8	**17**	16
Total finance charges	**21**	20	**41**	40

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 June 30			
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
($ millions)	**2026**	2025	**2026**	2025
Components of net benefit cost				
Service costs	**1**	1	**-**	-
Interest costs	**4**	3	**1**	1
Expected return on plan assets	**(5)**	(4)	**-**	-
Regulatory adjustment	**(1)**	-	**-**	-
Net benefit cost	**(1)**	-	**1**	1

7. EMPLOYEE FUTURE BENEFITS (continued)

	Six months ended June 30			
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
($ millions)	**2026**	2025	**2026**	2025
Components of net benefit cost				
Service costs	**2**	2	**-**	-
Interest costs	**7**	6	**1**	1
Expected return on plan assets	**(9)**	(8)	**-**	-
Regulatory adjustment	**(1)**	-	**-**	-
Net benefit cost	**(1)**	-	**1**	1

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

	Quarter ended June 30		Six months ended June 30	
($ millions)	**2026**	2025	**2026**	2025
Change in working capital				
Accounts receivable and other current assets	**13**	21	**5**	13
Prepaid expenses	**(7)**	(8)	**(10)**	(10)
Regulatory assets	**(8)**	1	**(5)**	-
Accounts payable and other current liabilities	**(32)**	(33)	**(19)**	(23)
Regulatory liabilities	**(1)**	(7)	**(2)**	(3)
Total change in working capital	**(35)**	(26)	**(31)**	(23)

($ millions)	**2026**	2025
Non-cash Investing Activities as at June 30		
Accrued capital expenditures	**18**	21

9. FINANCIAL INSTRUMENTS

Financial Instruments Not Carried 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			
		June 30, 2026		December 31, 2025	
($ millions)	Fair Value Hierarchy	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	**960**	**921**	960	914