



FortisBC Inc.

An indirect subsidiary of Fortis Inc.

Condensed Consolidated Interim Financial Statements

For the quarter and nine months ended September 30, 2025 and 2024
(Unaudited)

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

		September 30, 2025	December 31, 2024
ASSETS	Note		
Current assets			
Cash		\$ 5	\$ 9
Accounts receivable and other current assets, net		60	61
Inventories		1	1
Prepaid expenses		12	3
Regulatory assets		9	9
Total current assets		87	83
Property, plant and equipment, net		1,964	1,903
Intangible assets, net		74	74
Regulatory assets		518	484
Other assets		21	21
Goodwill		235	235
TOTAL ASSETS		\$ 2,899	\$ 2,800
LIABILITIES AND EQUITY			
Current liabilities			
Credit facilities		\$ 92	\$ 33
Accounts payable and other current liabilities		105	101
Current portion of finance lease obligations		3	3
Regulatory liabilities		6	8
Total current liabilities		206	145
Long-term debt	9	952	952
Finance lease obligations		349	342
Regulatory liabilities		63	55
Deferred income tax		290	277
Other liabilities		35	37
Total liabilities		1,895	1,808
Equity			
Common shares ¹		369	369
Additional paid-in capital		322	322
Retained earnings		313	301
Total equity		1,004	992
TOTAL LIABILITIES AND EQUITY		\$ 2,899	\$ 2,800

1 500 million authorized common shares with a par value of \$100 each; 3.7 million issued and outstanding at September 30, 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 and nine months ended September 30
(in millions of Canadian dollars)

		Quarter Ended		Nine months ended	
	Note	2025	2024	2025	2024
Revenue	5	\$ 132	\$ 125	\$ 400	\$ 382
Expenses					
Power purchase costs		41	39	120	109
Operating costs		26	25	78	75
Property and other taxes		6	5	16	14
Depreciation and amortization		23	21	63	65
Total expenses		96	90	277	263
Operating income		36	35	123	119
Other income		1	1	3	4
Finance charges	6	20	20	60	60
Earnings before income taxes		17	16	66	63
Income tax expense		2	3	10	11
Net earnings		\$ 15	\$ 13	\$ 56	\$ 52

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
For the nine months ended September 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, 2023	3.4	\$ 339	\$ 322	\$ 285	\$ 946
Net earnings	-	-	-	52	52
Dividends on common shares	-	-	-	(40)	(40)
As at September 30, 2024	3.4	\$ 339	\$ 322	\$ 297	\$ 958
As at December 31, 2024	3.7	\$ 369	\$ 322	\$ 301	\$ 992
Net earnings	-	-	-	56	56
Dividends on common shares	-	-	-	(44)	(44)
As at September 30, 2025	3.7	\$ 369	\$ 322	\$ 313	\$ 1,004

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

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

	Note	Quarter ended		Nine months ended	
		2025	2024	2025	2024
Operating activities					
Net earnings		\$ 15	\$ 13	\$ 56	\$ 52
Adjustments to reconcile net earnings to cash from operating activities:					
Depreciation and amortization		23	21	63	65
Equity component of allowance for funds used during construction		-	-	(1)	-
Accrued employee future benefits		(1)	(1)	(3)	(4)
Change in regulatory assets and liabilities		(5)	3	(5)	(7)
Change in working capital	8	22	16	2	7
Cash from operating activities		54	52	112	113
Investing activities					
Property, plant and equipment additions	8	(47)	(26)	(121)	(83)
Intangible asset additions		(3)	(3)	(6)	(6)
Contributions in aid of construction		3	2	7	6
Change in other assets and other liabilities		(5)	(3)	(10)	(6)
Cash used in investing activities		(52)	(30)	(130)	(89)
Financing activities					
Proceeds from credit facility		136	103	296	501
Repayment of credit facility		(129)	(210)	(237)	(578)
Repayment of finance lease obligations		-	-	(1)	(1)
Proceeds from issuance of long-term debt		-	100	-	100
Debt issuance costs		-	(1)	-	(1)
Dividends on common shares		(15)	(13)	(44)	(40)
Cash (used in) from financing activities		(8)	(21)	14	(19)
Net change in cash		(6)	1	(4)	5
Cash at beginning of period		11	4	9	-
Cash at end of period		\$ 5	\$ 5	\$ 5	\$ 5

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 and nine months ended September 30, 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 197,500 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 November 3, 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 September 30, 2025. No subsequent events have been identified for disclosure in these Condensed Consolidated Interim Financial Statements.

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 in annual financial statements 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 annual disclosures.

FBC considers the applicability and impact of all ASUs issued by the Financial Accounting Standards Board ("FASB"). During the nine months ended September 30, 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.

Measurement of Credit Losses for Accounts Receivable and Contract Assets

ASU No. 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, issued in July 2025, is effective for the Corporation's December 31, 2026 annual financial statements on a prospective basis, with early adoption permitted. The ASU provides entities with an option to use a practical expedient to estimate credit losses which would use existing conditions as of the balance sheet date, rather than forecast conditions for the contractual term of the asset. The Corporation is assessing the impact of adoption of this ASU on 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 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. In July 2025, FBC filed updated annual review materials for 2025, requesting to set the 2025 rate increase of 5.65 percent as permanent, and an updated 2025 forecast average rate base of \$1,807 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.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter and nine months ended September 30, 2025 and 2024

5. REVENUE**Disaggregation of Revenue**

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

	Quarter ended September 30		Nine months ended September 30	
<i>(\$ millions)</i>	2025	2024	2025	2024
Residential	58	62	176	175
Commercial	34	32	98	96
Wholesale	14	13	45	44
Industrial	17	13	52	42
Total electricity revenue	123	120	371	357
Other contract revenue (a)	11	13	30	32
Total revenue from contracts with customers	134	133	401	389
Alternative revenue (b)	-	(11)	3	(14)
Other revenue (c)	(2)	3	(4)	7
Total revenue	132	125	400	382

- (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.

6. FINANCE CHARGES

	Quarter ended September 30		Nine months ended September 30	
<i>(\$ millions)</i>	2025	2024	2025	2024
Interest on long-term debt	11	10	34	31
Interest on short-term debt	1	2	2	5
Net interest on debt	12	12	36	36
Interest on finance leases	8	8	24	24
Total finance charges	20	20	60	60

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter and nine months ended September 30, 2025 and 2024

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 September 30				
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
	2025	2024	2025	2024
<i>(\$ millions)</i>				
Components of net benefit cost				
Service costs	1	1	1	1
Interest costs	3	3	-	-
Expected return on plan assets	(4)	(5)	-	-
Amortization of actuarial gain	-	-	(1)	(1)
Amortization of past service costs	-	(1)	-	-
Net benefit cost	-	(2)	-	-

Nine months ended September 30				
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
	2025	2024	2025	2024
<i>(\$ millions)</i>				
Components of net benefit cost				
Service costs	3	3	1	1
Interest costs	9	9	1	1
Expected return on plan assets	(12)	(13)	-	-
Amortization of actuarial gain	-	-	(1)	(1)
Amortization of past service costs	-	(1)	-	-
Net benefit cost	-	(2)	1	1

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.

FortisBC Inc.
Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)
For the quarter and nine months ended September 30, 2025 and 2024

8. SUPPLEMENTARY INFORMATION TO CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter ended September 30		Nine months ended September 30	
(\$ millions)	2025	2024	2025	2024
Change in working capital				
Accounts receivable and other current assets	(12)	(15)	1	5
Prepaid expenses	1	1	(9)	(9)
Accounts payable and other current liabilities	33	30	10	11
Total change in working capital	22	16	2	7

(\$ millions)	2025	2024
Non-cash Investing Activities as at September 30		
Accrued capital expenditures	16	21

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			
		September 30, 2025		December 31, 2024	
(\$ millions)	Fair Value Hierarchy	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	960	932	960	946