

FortisBC Energy Inc.

An indirect subsidiary of Fortis Inc.

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

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

ASSETS	Note	September 30, 2026	December 31, 2025
Current assets			
Cash		**$ 6**	$ 17
Accounts receivable and other current assets, net	9	**161**	299
Inventories		**52**	46
Prepaid expenses		**36**	8
Regulatory assets	9	**296**	279
Total current assets		**551**	649
Property, plant and equipment, net		**7,673**	7,264
Intangible assets, net		**140**	141
Regulatory assets		**1,889**	1,744
Other assets	9	**52**	46
Goodwill		**913**	913
TOTAL ASSETS		**$ 11,218**	$ 10,757
LIABILITIES AND EQUITY			
Current liabilities			
Credit facilities	10	**$ 300**	$ 395
Accounts payable and other current liabilities	9	**990**	886
Current portion of long-term debt	9	**-**	150
Regulatory liabilities		**85**	63
Total current liabilities		**1,375**	1,494
Long-term debt	9	**3,623**	3,324
Regulatory liabilities		**443**	398
Deferred income tax		**1,052**	970
Other liabilities	9	**139**	147
Total liabilities		**6,632**	6,333
Equity			
Common shares [1]		**2,641**	2,541
Additional paid-in capital		**1,245**	1,245
Retained earnings		**691**	629
Shareholder's equity		**4,577**	4,415
Non-controlling interests		**9**	9
Total equity		**4,586**	4,424
TOTAL LIABILITIES AND EQUITY		**$ 11,218**	$ 10,757

1 500 million authorized common shares with no par value; 424.4 million issued and outstanding at September 30, 2026 (December 31, 2025 – 418.5 million).

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Energy 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	**2026**	2025	**2026**	2025
Revenue	5	**$ 302**	$ 276	**$ 1,380**	$ 1,283
Expenses					
Cost of natural gas		**64**	58	**389**	374
Operation and maintenance		**82**	79	**257**	243
Property and other taxes		**25**	21	**69**	65
Depreciation and amortization		**102**	96	**308**	274
Total expenses		**273**	254	**1,023**	956
Operating income		**29**	22	**357**	327
Other income		**16**	13	**42**	36
Finance charges	6	**38**	38	**113**	115
Earnings (loss) before income taxes		**7**	(3)	**286**	248
Income tax expense (recovery)		**2**	(2)	**63**	50
Net earnings (loss)		**5**	$ (1)	**223**	$ 198
Net earnings attributable to non-controlling interests		**-**	-	**1**	1
Net earnings (loss) attributable to controlling interest		**$ 5**	$ (1)	**$ 222**	$ 197

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

FortisBC Energy 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	Non - Controlling Interests	Retained Earnings	Total
As at December 31, 2024	405.8	$ 2,316	$ 1,245	$ 9	$ 500	$ 4,070
Net earnings	-	-	-	1	197	198
Net distribution to Mt. Hayes Storage LP Partners	-	-	-	(1)	-	(1)
Issuance of common shares	12.7	225	-	-	-	225
Dividends on common shares	-	-	-	-	(133)	(133)
As at September 30, 2025	418.5	$ 2,541	$ 1,245	$ 9	$ 564	$ 4,359
As at December 31, 2025	**418.5**	**$ 2,541**	**$ 1,245**	**$ 9**	**$ 629**	**$ 4,424**
Net earnings	**-**	**-**	**-**	**1**	**222**	**223**
Net distribution to Mt. Hayes Storage LP Partners	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Issuance of common shares	**5.9**	**100**	**-**	**-**	**-**	**100**
Dividends on common shares	**-**	**-**	**-**	**-**	**(160)**	**(160)**
As at September 30, 2026	**424.4**	**$ 2,641**	**$ 1,245**	**$ 9**	**$ 691**	**$ 4,586**

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

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

		Quarter ended		Nine months ended	
	Note	**2026**	2025	**2026**	2025
Operating activities					
Net earnings (loss)		**$ 5**	$ (1)	**$ 223**	$ 198
Adjustments to reconcile net earnings to cash from operating activities:					
Depreciation and amortization		**102**	96	**308**	274
Accrued employee future benefits		**(3)**	(2)	**(9)**	(7)
Equity component of allowance for funds used during construction		**(12)**	(10)	**(32)**	(26)
Deferred income tax, net of regulatory adjustments		**(16)**	(27)	**(4)**	9
Amortization of debt issue costs		**-**	-	**1**	1
Change in regulatory assets and liabilities	2	**(38)**	(65)	**(46)**	(70)
Change in working capital	2, 8	**(78)**	(50)	**193**	121
Cash (used in) from operating activities		**(40)**	(59)	**634**	500
Investing activities					
Property, plant and equipment additions	8	**(506)**	(212)	**(1,352)**	(777)
Intangible asset additions		**(5)**	-	**(13)**	(9)
Contributions in aid of construction		**303**	140	**795**	378
Change in other assets and other liabilities		**(25)**	(59)	**(67)**	(135)
Proceeds from disposal of capital assets		**-**	-	**-**	5
Cash used in investing activities		**(233)**	(131)	**(637)**	(538)
Financing activities					
Proceeds from credit facility		**700**	683	**1,962**	1,667
Repayment of credit facility		**(725)**	(493)	**(2,057)**	(1,726)
Proceeds from issuance of long-term debt		**300**	-	**300**	-
Repayment of long-term debt		**-**	-	**(150)**	-
Debt issuance costs		**(2)**	(1)	**(2)**	(1)
Net distributions to non-controlling interests		**-**	-	**(1)**	(1)
Issuance of common shares		**-**	-	**100**	225
Dividends on common shares		**-**	-	**(160)**	(133)
Cash from (used in) financing activities		**273**	189	**(8)**	31
Net change in cash		**-**	(1)	**(11)**	(7)
Cash at beginning of period		**6**	7	**17**	13
Cash at end of period		**$ 6**	$ 6	**$ 6**	$ 6

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

See accompanying notes to these Condensed Consolidated Interim Financial Statements.

1. DESCRIPTION OF THE BUSINESS

FortisBC Energy Inc. (“FEI” or the “Corporation”) is a wholly-owned subsidiary of FortisBC Holdings Inc. (“FHI”), which is a wholly-owned subsidiary of Fortis Inc. (“Fortis”). Fortis shares are listed on both the Toronto Stock Exchange and the New York Stock Exchange.

FEI is a regulated gas utility and is the largest distributor of natural gas in British Columbia (“BC”), serving approximately 1,111,000 residential, commercial, industrial, and transportation customers through approximately 51,870 kilometers of natural gas pipelines. The Corporation provides transmission and distribution services to its customers, and obtains natural gas and renewable gas supplies on behalf of most residential, commercial, and industrial customers. Natural gas supplies are sourced primarily from northeastern BC and, through the Corporation’s Southern Crossing Pipeline, from Alberta.

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 of 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 FEI’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 and its 85 percent interest in the Mt. Hayes Storage Limited Partnership (“MHLP”). The Corporation consolidates 100 percent of its subsidiaries and recognizes 15 percent of the MHLP as non-controlling interests. All intercompany transactions and balances have been eliminated upon consolidation.

An evaluation of subsequent events through November 2, 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 September 30, 2026. No subsequent events have been identified for disclosure in these Interim Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Policies

FEI considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board (“FASB”). During the nine months ended September 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.

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.

Environmental Credits and Environmental Credit Obligations

ASU No. 2026-02, *Environmental Credits and Environmental Credit Obligations (ASC Topic 818)*, issued in May 2026, is effective for the Corporation's December 31, 2028 annual financial statements. The ASU establishes guidance on the recognition, measurement, presentation, and disclosure of environmental credits and environmental credit obligations. Under the new standard, an entity will recognize and measure environmental credit assets based on their intended use, as well as how the credits are obtained. Environmental credit obligations will be recognized and measured depending on whether an entity holds and expects to use compliance environmental credits to settle that obligation. 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 FEI and FBC'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 FEI 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 similar approach to growth capital, a forecast approach to sustainment and other capital, continued collection of an innovation fund recognizing the need to accelerate investment in clean energy innovation, 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 delivery rate increase of 10.13 percent over 2025 rates, and a 2026 forecast average rate base of $6,838 million.

4. SEASONALITY OF OPERATIONS

Interim results fluctuate due to the seasonal demands for natural gas, the movements of natural gas prices, and the timing and recognition of regulatory decisions. FEI's operations normally generate higher net earnings in the first and fourth quarters of the fiscal year and lower net earnings in the second and third quarters. These fluctuations in quarterly net earnings are generally the result of changes in revenue from customer load as a result of weather, while 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 September 30		Nine months ended September 30	
($ millions)	**2026**	2025	**2026**	2025
Residential	**117**	106	**678**	661
Commercial	**69**	63	**382**	372
Industrial	**53**	43	**186**	140
Transportation	**17**	14	**55**	52
Total natural gas revenue	**256**	226	**1,301**	1,225
Other contract revenue (a)	**-**	-	**1**	1
Total revenue from contracts with customers	**256**	226	**1,302**	1,226
Alternative revenue (b)	**25**	27	**24**	(5)
Other revenue (c)	**21**	23	**54**	62
Total revenue	**302**	276	**1,380**	1,283

(a) Other contract revenue includes utility customer connection fees.

(b) Alternative revenue includes the Earnings Sharing Mechanism, which recognizes the 50/50 sharing of variances from the allowed ROE, the Revenue Stabilization Adjustment Mechanism, and flow-through variances related to industrial and other customer 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 gas delivery rates for natural gas revenue.

6. FINANCE CHARGES

	Quarter ended September 30		Nine months ended September 30	
($ millions)	**2026**	2025	**2026**	2025
Interest on long-term debt	**41**	38	**120**	115
Interest on short-term debt	**2**	4	**7**	11
Debt component of allowance for funds used during construction	**(5)**	(4)	**(14)**	(11)
Total finance charges	**38**	38	**113**	115

7. EMPLOYEE FUTURE BENEFITS

The Corporation is a sponsor of pension plans for eligible employees. The plans include registered defined benefit pension plans and supplemental unfunded arrangements. 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	
($ millions)	**2026**	2025	**2026**	2025
Components of net benefit cost				
Service costs	**5**	5	**1**	1
Interest costs	**12**	11	**1**	1
Expected return on plan assets	**(15)**	(14)	**-**	-
Amortization of actuarial losses (gains)	**1**	1	**(1)**	(1)
Regulatory adjustment	**-**	(1)	**-**	1
Net benefit cost	**3**	2	**1**	2

	Nine months ended September 30			
	Defined Benefit Pension and Supplemental Plans		OPEB Plans	
($ millions)	**2026**	2025	**2026**	2025
Components of net benefit cost				
Service costs	**14**	16	**2**	2
Interest costs	**36**	33	**3**	3
Expected return on plan assets	**(44)**	(41)	**-**	-
Amortization of actuarial losses (gains)	**1**	1	**(3)**	(3)
Amortization of past service credit	**-**	(1)	**-**	-
Regulatory adjustment	**-**	(2)	**-**	3
Net benefit cost	**7**	6	**2**	5

The Corporation's estimated 2026 contributions are $17 million (estimated 2025 contributions - $16 million) for defined benefit pension plans and $4 million (estimated 2025 contributions - $4 million) for OPEB plans.

8. SUPPLEMENTARY INFORMATION TO CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter ended September 30		Nine months ended September 30	
($ millions)	**2026**	2025	**2026**	2025
Change in working capital				
Accounts receivable and other current assets	**(9)**	23	**137**	177
Inventories	**(19)**	(9)	**(6)**	(6)
Prepaid expenses	**17**	12	**(28)**	(24)
Regulatory assets	**(69)**	(21)	**(71)**	(6)
Accounts payable and other current liabilities	**(19)**	(70)	**119**	(48)
Regulatory liabilities	**21**	15	**42**	28
Total change in working capital	**(78)**	(50)	**193**	121

($ millions)	**2026**	2025
Non-cash investing activities as at September 30		
Accrued capital expenditures	**411**	262

9. FINANCIAL INSTRUMENTS

The Corporation has natural gas contracts subject to regulatory deferral, all of which are Level 2 of the fair value hierarchy. Under the hierarchy, fair value of Level 2 financial instruments is determined using pricing inputs that are observable in the marketplace.

Recurring Fair Value Measures

The following table presents the fair value of assets and liabilities that are accounted for at fair value on a recurring basis. Contracts that are “in the money” are included in accounts receivable and other current assets or in long-term other assets, and “out of the money” are included in accounts payable and other current liabilities or in long-term other liabilities.

	As at	
($ millions)	**September 30, 2026**	December 31, 2025
Assets		
Current	**8**	-
Long-term	**1**	1
Total assets	**9**	1
Liabilities		
Current	**(49)**	(42)
Long-term	**(10)**	(17)
Total liabilities	**(59)**	(59)
Total liabilities, net	**(50)**	(58)

9. FINANCIAL INSTRUMENTS (continued)

Natural gas contracts held by FEI are not designated as hedges and any unrealized gains and losses arising from changes in fair value of these contracts are deferred as a regulatory asset or liability for recovery from, or refund to, customers in future rates, as permitted by the BCUC, as shown in the following table.

	As at	
($ millions)	**September 30, 2026**	December 31, 2025
Unrealized net loss recorded to current regulatory assets	**50**	58

Cash inflows and outflows associated with the settlement of all derivative instruments are included in operating cash flows on the Corporation's Condensed Consolidated Statements of Cash Flows.

The Corporation has elected gross presentation for its derivative contracts under master netting agreements and collateral positions which are netted where the intent and legal right to offset exists. The following table presents the potential offset of counterparty netting.

($ millions)	**Gross Amount Recognized on Balance Sheet**	**Counterparty Netting of Natural Gas Contracts**	**Cash Collateral Posted**	**Net Amount**
As at September 30, 2026				
Accounts receivable and other current assets	**8**	**(1)**	**10**	**17**
Other assets	**1**	**(1)**	**-**	**-**
Accounts payable and other current liabilities	**(49)**	**1**	**-**	**(48)**
Other long-term liabilities	**(10)**	**1**	**-**	**(9)**
As at December 31, 2025				
Accounts receivable and other current assets	-	-	15	15
Other assets	1	(1)	-	-
Accounts payable and other current liabilities	(42)	-	-	(42)
Other long-term liabilities	(17)	1	-	(16)

Volume of Derivative Activity

The Corporation had various natural gas derivative contracts subject to regulatory deferral that will settle on various expiration dates through 2032. The volumes related to these natural gas derivatives are outlined below.

	As at	
(petajoules)	**September 30, 2026**	December 31, 2025
Natural gas physically-settled supply contracts	**197**	147
Natural gas financially-settled commodity swaps	**55**	78

9. FINANCIAL INSTRUMENTS (continued)

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 current and long-term portion of debt.

		As at			
		September 30, 2026		December 31, 2025	
($ millions)	Fair Value Hierarchy	**Carrying Value**	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Long-term debt	Level 2	**3,645**	**3,376**	3,495	3,398

Debentures

On August 4, 2026, the Corporation entered into an agreement to issue $300 million of unsecured Medium Term Note ("MTN") Debentures. The MTN Debentures bear interest at a rate of 5.168 percent to be paid semi-annually and mature on August 6, 2056. The closing of the issuance occurred on August 6, 2026, with net proceeds being used to repay borrowings on the operating credit facility.

10. GUARANTEES

The Corporation had letters of credit outstanding at September 30, 2026 totaling $37 million (December 31, 2025 - $39 million) which are primarily to support the funding of one of the Corporation's pension plans and have been primarily applied against FEI's $40 million uncommitted letter of credit facility.