



NORTHWESTERN CORPORATION

(A direct, wholly-owned subsidiary of NorthWestern Energy Group, Inc.)

Financial Statements

For the Period Ending March 31, 2026

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NORTHWESTERN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands)

	Three Months Ended March 31,	
	2026	2025
Revenues		
Electric	\$ 290,432	\$ 281,439
Gas	86,607	87,689
Total Revenues	377,039	369,128
Operating expenses		
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	83,834	91,897
Operating, administrative and general	92,761	80,524
Property and other taxes	46,988	41,097
Depreciation and depletion	53,718	49,726
Total Operating Expenses	277,301	263,244
Operating income	99,738	105,884
Interest expense, net	(31,289)	(28,518)
Other income, net	1,657	2,896
Income before income taxes	70,106	80,262
Income tax expense	(15,576)	(13,775)
Net Income	54,530	66,487

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Three Months Ended March 31,	
	2026	2025
Net Income	\$ 54,530	\$ 66,487
Other comprehensive income (loss), net of tax:		
Reclassification of net losses on derivative instruments	113	113
Foreign currency translation	(1)	1
Total Other Comprehensive Income	112	114
Comprehensive Income	\$ 54,642	\$ 66,601

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	<u>As of March 31,</u>	<u>As of December 31,</u>
	<u>2026</u>	<u>2025</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,041	\$ 4,201
Restricted cash	10,035	10,787
Accounts receivable, net	154,962	165,506
Accounts receivable from related parties	—	473
Inventories	97,889	98,430
Regulatory assets	94,070	83,773
Prepaid expenses and other	28,778	27,528
Total current assets	388,775	390,698
Property, plant, and equipment, net	5,630,922	5,583,528
Goodwill	273,856	273,856
Regulatory assets	677,157	675,159
Other noncurrent assets	55,111	37,964
Total Assets	\$ 7,025,821	\$ 6,961,205
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of finance leases	\$ 1,844	\$ 1,865
Accounts payable	77,831	96,333
Accounts payable to related parties	3,731	600
Accrued expenses	280,654	238,473
Regulatory liabilities	18,826	21,147
Total current liabilities	382,886	358,418
Long-term finance leases	8,436	—
Long-term debt	2,668,492	2,690,083
Deferred income taxes	711,498	695,700
Noncurrent regulatory liabilities	567,903	562,961
Other noncurrent liabilities	261,315	245,106
Total Liabilities	4,600,530	4,552,268
Commitments and Contingencies (Note 5)		
Shareholders' Equity:		
Common stock, par value \$0.01	0	0
Paid-in capital	2,052,534	2,050,822
Retained earnings	379,708	365,178
Accumulated other comprehensive loss	(6,951)	(7,063)
Total Shareholders' Equity	2,425,291	2,408,937
Total Liabilities and Shareholders' Equity	\$ 7,025,821	\$ 6,961,205

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31,	
	2026	2025
OPERATING ACTIVITIES:		
Net Income	\$ 54,530	\$ 66,487
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and depletion	53,718	49,726
Amortization of debt issuance costs, premium and deferred hedge gain	750	872
Stock-based compensation costs	1,712	1,905
Equity portion of allowance for funds used during construction	(1,675)	(1,583)
Gain on disposition of assets	9	148
Deferred income taxes	11,996	12,442
Changes in current assets and liabilities:		
Accounts receivable	14,150	5,570
Inventories	541	2,629
Other current assets	(1,250)	4,951
Accounts payable	(5,921)	(8,019)
Accrued expenses	42,179	32,105
Regulatory assets	(10,297)	(18,564)
Regulatory liabilities	(2,321)	(3,552)
Other noncurrent assets and liabilities	(6,836)	(9,113)
Cash Provided by Operating Activities	151,285	136,004
INVESTING ACTIVITIES:		
Property, plant, and equipment additions	(91,197)	(73,884)
Cash Used in Investing Activities	(91,197)	(73,884)
FINANCING ACTIVITIES:		
Cash dividends to parent	(40,000)	(68,000)
Issuance of long-term debt	—	400,000
Line of credit repayments, net	(22,000)	(342,000)
Other financing activities, net	—	(3,109)
Cash Used in Financing Activities	(62,000)	(13,109)
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(1,912)	49,011
Cash, Cash Equivalents, and Restricted Cash, beginning of period	14,988	15,828
Cash, Cash Equivalents, and Restricted Cash, end of period	\$ 13,076	\$ 64,839
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	36,793	26,715
Significant non-cash transactions:		
Capital expenditures included in accounts payable	17,499	12,875

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

(in thousands)

	Number of Common Shares	Number of Treasury Shares	Common Stock	Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 31, 2024	0	—	\$ 0	\$2,045,000	\$ 351,226	\$ (7,533)	\$ 2,388,693
Net income	—	—	—	—	66,487	—	66,487
Foreign currency translation adjustment, net of tax	—	—	—	—	—	1	1
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	113	113
Stock based compensation	—	—	—	1,905	—	—	1,905
Cash dividends to parent	—	—	—	—	(68,000)	—	(68,000)
Balance at March 31, 2025	0	—	\$ 0	\$2,046,905	\$ 349,713	\$ (7,419)	\$ 2,389,199
Balance at December 31, 2025	0	—	\$ 0	\$2,050,822	\$ 365,178	\$ (7,063)	\$ 2,408,937
Net income	—	—	—	—	54,530	—	54,530
Foreign currency translation adjustment, net of tax	—	—	—	—	—	(1)	(1)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	113	113
Stock based compensation	—	—	—	1,712	—	—	1,712
Cash dividends to parent	—	—	—	—	(40,000)	—	(40,000)
Balance at March 31, 2026	0	—	\$ 0	\$2,052,534	\$ 379,708	\$ (6,951)	\$ 2,425,291

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Nature of Operations and Basis of Consolidation

NorthWestern Corporation (NW Corp), a direct wholly-owned subsidiary of NorthWestern Energy Group, Inc., doing business as NorthWestern Energy, provides electricity and / or natural gas to approximately 690,100 customers in Montana and Yellowstone National Park. We have generated and distributed electricity and distributed natural gas in Montana since 2002.

The Condensed Consolidated Financial Statements (Financial Statements) for the periods included herein have been prepared by NW Corp (NorthWestern, we, or us) in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, the interim Financial Statements do not include all of the information and note disclosures required by GAAP for complete financial statements. The preparation of financial statements in conformity with the interim reporting guidance under GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates. Events occurring subsequent to March 31, 2026, have been evaluated as to their potential impact to the Financial Statements through the date of issuance.

NorthWestern Energy Group, Inc. Pending Merger with Black Hills Corporation

On August 18, 2025, NorthWestern Energy Group, Inc. entered into a Merger Agreement with Black Hills and River Merger Sub Inc., a direct wholly owned subsidiary of Black Hills (Merger Sub). The Merger Agreement provides for an all-stock merger of equals between NorthWestern Energy Group, Inc. and Black Hills upon the terms and subject to the conditions set forth therein. The Merger Agreement provides for Merger Sub to merge with and into NorthWestern Energy Group, Inc. (Merger), with NorthWestern Energy Group, Inc. continuing as the surviving entity and a direct wholly owned subsidiary of Black Hills, which would assume a new corporate name as the resulting parent company of the combined corporate group. The completion of the Merger is subject to the satisfaction or waiver of certain conditions to closing. We anticipate the transaction closing in the second half of 2026, subject to the satisfaction or waiver of certain closing conditions.

(2) Regulatory Matters

Montana Rate Review

In December 2025, the MPSC issued a final order approving our partial electric settlement agreement. The final order also suspended the 90/10 cost sharing mechanism of the Power Cost and Credit Adjustment Mechanism (PCCAM) on a temporary basis pending further review by the MPSC. Within this final order, the MPSC disallowed a portion of the capital costs related to the construction of Yellowstone County Generating Station (YCGS). As a result, in the fourth quarter of 2025 we recorded a \$30.9 million non-cash charge for the regulatory disallowance. As of March 31, 2026, we have \$6.3 million reserved within Regulatory liabilities on the Condensed Consolidated Balance Sheets for interim rates to be refunded to customers.

In January 2026, we filed a Motion for Reconsideration (Motion) as it relates to this final order. Among other things, our Motion requests that the MPSC reconsider their prudence conclusions regarding the capital costs associated with the construction of YCGS and clarification as to the effective date of the PCCAM sharing mechanism suspension, for which we have requested an effective date of July 1, 2025, to align with the PCCAM tracker year. Any subsequent modifications by the MPSC to their final order will be reflected in our 2026 results.

Colstrip Acquisition and Requests for Cost Recovery

In January 2023 we entered into a definitive agreement with Avista Corporation (Avista) to acquire their interest in Colstrip Units 3 and 4 for \$0 and completed this acquisition on January 1, 2026. Accordingly, we are responsible for the associated operating costs beginning on January 1, 2026, which we will not collect through utility base rates, until requested in a future Montana rate review. Avista will remain responsible for their pre-closing share of environmental liabilities, asset retirement obligations (AROs), and pension liabilities attributed to events or conditions existing prior to the closing of the transaction and for any future decommissioning and demolition costs associated with the existing facilities that comprise their interests.

While Avista remains contractually obligated for the pre-closing share of AROs, we remain the primary obligor. As such, as of March 31, 2026, we have recorded \$1.1 million and \$13.0 million within Accrued expenses and other and Other noncurrent liabilities, respectively, on the Condensed Consolidated Balance Sheets for these AROs, and we have recorded an indemnification asset of \$1.1 million and \$13.0 million with Prepaid expenses and other and Other noncurrent assets, respectively, on the Condensed Consolidated Balance Sheets.

The 222 megawatts of generation capacity from Colstrip Units 3 and 4 acquired from Avista (Avista Interests) on January 1, 2026, was identified as a key element in our strategy to achieve resource adequacy for customers, as outlined in our 2023 Montana Integrated Resource Plan. Noting the costs associated with operating this resource are not currently reflected in utility customer rates, in August 2025, we filed a temporary PCCAM tariff waiver request with the MPSC that could provide a near-term cost-recovery mechanism to offset a portion of the approximately \$18.0 million in annual incremental operating and maintenance costs associated with the Avista Interests. This waiver requested that the MPSC allow us to keep 100 percent of the net revenue associated with certain designated power sales contracts up to the amount of the operating and maintenance expenses we incur associated with our Avista Interests. Furthermore, the waiver request indicated that any net revenues from the designated contracts exceeding the operating and maintenance expenses associated with our Avista Interests would continue to flow back to retail customers. In January 2026, the MPSC approved our PCCAM tariff waiver request on an interim basis with final approval or denial subject to the ongoing PCCAM docket process.

(3) Financing Activities

We exercised a five-year renewal option on a default supply procurement agreement, which we have recorded as a finance lease on our Condensed Consolidated Balance Sheets. As a result, the finance lease term was extended and will mature on June 30, 2031.

(4) Employee Benefit Plans

We sponsor and/or contribute to pension and postretirement health care and life insurance benefit plans for eligible employees. We contributed \$2.0 million to our pension plans during the three months ended March 31, 2026. We expect to contribute an additional \$9.5 million to our pension plans during the remainder of 2026.

(5) Commitments and Contingencies

LEGAL PROCEEDINGS

We are subject to various legal proceedings, governmental audits and claims that arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to these other actions will not materially affect our financial position, results of operations, or cash flows.