NORTHWESTERN CORPORATION

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

Financial Statements

For the Period Ending June 30, 2026

Table of Contents

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands)

	Six Months Ended June 30,	
	2026	**2025**
Revenues		
Electric	$ 554,818	$ 518,650
Gas	136,556	133,014
Total Revenues	691,374	651,664
Operating expenses		
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	144,493	147,338
Operating, administrative and general	184,320	159,883
Property and other taxes	93,762	87,349
Depreciation and depletion	107,454	99,344
Total Operating Expenses	530,029	493,914
Operating income	161,345	157,750
Interest expense, net	(62,752)	(57,008)
Other income, net	4,972	3,198
Income before income taxes	103,565	103,940
Income tax expense	(16,480)	(17,660)
Net Income	87,085	86,280

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Six Months Ended June 30,	
	2026	**2025**
Net Income	$ 87,085	$ 86,280
Other comprehensive income (loss), net of tax:		
Reclassification of net losses on derivative instruments	226	226
Foreign currency translation	(3)	5
Total Other Comprehensive Income	223	231
Comprehensive Income	$ 87,308	$ 86,511

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	As of June 30, 2026	As of December 31, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,608	$ 4,201
Restricted cash	9,545	10,787
Accounts receivable, net	134,278	165,506
Accounts receivable from related parties	2	473
Inventories	107,653	98,430
Regulatory assets	97,645	83,773
Prepaid expenses and other	14,772	27,528
Total current assets	**365,503**	**390,698**
Property, plant, and equipment, net	5,717,554	5,583,528
Goodwill	273,856	273,856
Regulatory assets	682,834	675,159
Other noncurrent assets	66,487	37,964
Total Assets	**$ 7,106,234**	**$ 6,961,205**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of finance leases	$ 1,708	$ 1,865
Accounts payable	90,173	96,333
Accounts payable to related parties	1,690	600
Accrued expenses	254,259	238,473
Regulatory liabilities	15,131	21,147
Total current liabilities	**362,961**	**358,418**
Long-term finance leases	7,728	—
Long-term debt	2,813,627	2,690,083
Deferred income taxes	722,137	695,700
Noncurrent regulatory liabilities	574,138	562,961
Other noncurrent liabilities	262,979	245,106
Total Liabilities	**4,743,570**	**4,552,268**
Commitments and Contingencies (Note 5)		
Shareholders' Equity:		
Common stock, par value $0.01	0	0
Paid-in capital	2,054,241	2,050,822
Retained earnings	315,263	365,178
Accumulated other comprehensive loss	(6,840)	(7,063)
Total Shareholders' Equity	**2,362,664**	**2,408,937**
Total Liabilities and Shareholders' Equity	**$ 7,106,234**	**$ 6,961,205**

See Notes to Condensed Consolidated Financial Statements

NORTHWESTERN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
OPERATING ACTIVITIES:		
Net Income	$ 87,085	$ 86,280
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and depletion	107,454	99,344
Amortization of debt issuance costs, premium and deferred hedge gain	1,518	1,844
Stock-based compensation costs	3,419	3,476
Equity portion of allowance for funds used during construction	(3,920)	(3,598)
Deferred income taxes	12,450	17,190
Other adjustments	(41)	151
Changes in current assets and liabilities:		
Accounts receivable	32,789	26,296
Inventories	(9,223)	(1,658)
Other current assets	5,651	10,630
Accounts payable	(4,892)	(15,056)
Accrued expenses	15,816	6,861
Regulatory assets	(13,873)	(36,105)
Regulatory liabilities	(6,017)	(419)
Other noncurrent assets and liabilities	(13,525)	(16,820)
Cash Provided by Operating Activities	214,691	178,416
INVESTING ACTIVITIES:		
Property, plant, and equipment additions	(204,235)	(185,687)
Cash Used in Investing Activities	(204,235)	(185,687)
FINANCING ACTIVITIES:		
Cash dividends to parent	(137,000)	(103,001)
Issuance of long-term debt	225,000	400,000
Line of credit repayments, net	(102,000)	(52,000)
Other financing activities, net	(291)	(3,194)
Cash (Used in) Provided by Financing Activities	(14,291)	5,805
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(3,835)	(1,466)
Cash, Cash Equivalents, and Restricted Cash, beginning of period	14,988	15,828
Cash, Cash Equivalents, and Restricted Cash, end of period	**$ 11,153**	**$ 14,362**
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	59,834	52,254
Significant non-cash transactions:		
Capital expenditures included in accounts payable	28,812	28,018

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	—	—	—	—	86,280	—	86,280
Foreign currency translation adjustment, net of tax	—	—	—	—	—	5	5
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	226	226
Stock based compensation	—	—	—	3,476	—	—	3,476
Cash dividends to parent	—	—	—	—	(103,001)	—	(103,001)
Balance at June 30, 2025	**0**	**—**	**$ 0**	**$2,048,476**	**$ 334,505**	**$ (7,302)**	**$ 2,375,679**
Balance at December 31, 2025	**0**	**—**	**$ 0**	**$2,050,822**	**$ 365,178**	**$ (7,063)**	**$ 2,408,937**
Net income	—	—	—	—	87,085	—	87,085
Foreign currency translation adjustment, net of tax	—	—	—	—	—	(3)	(3)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	226	226
Stock based compensation	—	—	—	3,419	—	—	3,419
Cash dividends to parent	—	—	—	—	(137,000)	—	(137,000)
Balance at June 30, 2026	**0**	**—**	**$ 0**	**$2,054,241**	**$ 315,263**	**$ (6,840)**	**$ 2,362,664**

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 June 30, 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 by year-end 2026, subject to the satisfaction or waiver of certain closing conditions.

Goodwill

We completed our annual goodwill impairment test as of April 1, 2026, and no impairment was identified. We evaluated qualitative factors (including macroeconomic conditions, industry and market considerations, cost factors, and overall financial performance) to determine whether it was more likely than not that the fair value of our reporting units was less than its carrying amount. Our evaluation of these factors concluded that it was not more likely than not that the fair value of our reporting units was less than its carrying amount and therefore no further testing was necessary.

(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 June 30, 2026, we have $3.6 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 are expected to 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 June 30, 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.

During the six months ended June 30, 2026, power prices in the Pacific Northwest associated with these designated power sales contracts included within our PCCAM tariff waiver were insufficient to contribute to the recovery of the operating and maintenance expenses associated with the Avista Interests.

(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.

On May 27, 2026, we entered into a $225.0 million secured Term Loan Credit Agreement (Term Loan) with a maturity date of November 26, 2027. Our obligations under the Term Loan are secured by $225.0 million of Montana First Mortgage Bonds issued to the administrative agent of the term loan facility. Borrowings may be made at a variable interest rate equal to the Secured Overnight Financing Rate plus an applicable margin as provided in the Term Loan. Proceeds were used to repay a portion of our outstanding revolving credit facility borrowings. The Term Loan provides for prepayment of the principal and interest; however, amounts prepaid may not be reborrowed. The Term Loan requires us to maintain a consolidated indebtedness to total capitalization ratio of 65 percent or less. It also contains covenants which, among other things, limit our ability to engage in any consolidation or merger (except for our pending merger with Black Hills) or otherwise liquidate or dissolve, dispose of property, and restricts certain affiliate transactions.

(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 $4.9 million to our pension plans during the six months ended June 30, 2026. We expect to contribute an additional $6.6 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.