TRANS MOUNTAIN CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

For the three month period ended March 31, 2026

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME (LOSS)
(millions of Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2026	**2025**
Revenues *(Note 2)*	**729**	**729**
Expenses		
Pipeline operating costs	76	75
Depreciation and amortization	281	219
Salaries and benefits	56	49
Taxes, other than income taxes	21	20
Administration	15	17
Development	9	-
	458	**380**
Operating income	**271**	**349**
Interest expense, net of capitalized debt financing costs	(143)	(145)
Other, net	1	1
Income before income taxes	**129**	**205**
Income tax expense *(Note 3)*	32	57
Net income	**97**	**148**

The accompanying notes are an integral part of these condensed consolidated financial statements.

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(millions of Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2026	**2025**
Net income	97	148
Other comprehensive income (loss), net of tax		
Currency translation adjustment	4	(1)
Comprehensive income	**101**	**147**

The accompanying notes are an integral part of these condensed consolidated financial statements.

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(millions of Canadian dollars)
(Unaudited)

As of	**March 31, 2026**	**December 31, 2025**
Assets		
Current Assets		
Cash and cash equivalents	567	479
Accounts receivable	169	187
Other current assets	134	136
	870	**802**
Property, plant and equipment	35,217	35,472
Right-of-use assets	46	43
Regulatory assets	113	121
Restricted investments	147	147
Restricted cash	5	2
Deferred amounts and other assets	86	86
Total Assets	**36,484**	**36,673**
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	277	328
Dividends payable	50	100
Regulatory liabilities	63	72
Other current liabilities	135	108
	525	**608**
Debt *(Note 4)*	12,000	12,000
Deferred income taxes	1,340	1,311
Regulatory liabilities	105	99
Pension and post-employment benefits	73	69
Lease liabilities	53	46
Other deferred credits	22	25
Total Liabilities	**14,118**	**14,158**
Equity	22,366	22,515
Total Liabilities and Equity	**36,484**	**36,673**

Litigation, commitments and contingencies *(Note 8)*
The accompanying notes are an integral part of these condensed consolidated financial statements.

Approved on behalf of the Board of Directors

"signed"
Don Lindsay
Director

"signed"
Sippy Chhina
Director

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(millions of Canadian dollars)
(Unaudited)

	Three months ended March 31,	
	2026	**2025**
Operating activities		
Net income	97	148
Items not affecting cash		
Depreciation and amortization	281	219
Equity allowance for funds used during construction	(1)	-
Deferred income tax expense *(Note 3)*	29	55
Changes in non-cash working capital and other items *(Note 6)*	64	(85)
Total Cash and cash equivalents and Restricted cash provided by operating activities	**470**	**337**
Investing activities		
Capital expenditures	(86)	(252)
Insurance proceeds *(Note 8)*	10	-
Internal-use software expenditures	(2)	(2)
Restricted investments	(1)	(1)
Total Cash and cash equivalents and Restricted cash used in investing activities	**(79)**	**(255)**
Financing activities		
Dividends paid	(300)	(163)
Total Cash and cash equivalents and Restricted cash used in financing activities	**(300)**	**(163)**
Effects of exchange rate changes on Cash and cash equivalents and Restricted cash	-	1
Net increase (decrease) in Cash and cash equivalents and Restricted cash	91	(80)
Cash and cash equivalents and Restricted cash, beginning	481	494
Cash and cash equivalents and Restricted cash, end	**572**	**414**
Cash and cash equivalents, beginning	479	491
Restricted cash, beginning	2	3
Cash and cash equivalents and Restricted cash, beginning	**481**	**494**
Cash and cash equivalents, end	567	407
Restricted cash, end	5	7
Cash and cash equivalents and Restricted cash, end	**572**	**414**

The accompanying notes are an integral part of these consolidated financial statements.

TRANS MOUNTAIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(millions of Canadian dollars)
(Unaudited)

	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Equity
Balance at December 31, 2025	22,141	341	33	**22,515**
Net income	-	97	-	**97**
Dividends declared *(Note 5)*	-	(250)	-	**(250)**
Other comprehensive income, net of tax	-	-	4	**4**
Balance at March 31, 2026	**22,141**	**188**	**37**	**22,366**
Balance at December 31, 2024	22,141	885	47	**23,073**
Net income	-	148	-	**148**
Dividends declared *(Note 5)*	-	(193)	-	**(193)**
Other comprehensive loss, net of tax	-	-	(1)	**(1)**
Balance at March 31, 2025	**22,141**	**840**	**46**	**23,027**

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. General

Trans Mountain Corporation (the "Corporation" or "TMC") is a Federal Crown corporation, incorporated under the *Canada Business Corporations Act* on May 28, 2018. TMC is a wholly owned subsidiary of Canada TMP Finance Ltd. ("TMP Finance"), which is a wholly owned subsidiary of Canada Development Investment Corporation ("CDEV"). CDEV is wholly owned by His Majesty in Right of Canada and is an agent Crown corporation. TMC is subject to the provisions of Part X of the *Financial Administration Act* and the provisions of the *Income Tax Act*. TMC is a non-agent Crown corporation which allows it to borrow from parties other than the Government of Canada.

TMC conducts operations through four entities: Trans Mountain Pipeline Limited Partnership ("TMP LP") and its wholly owned subsidiary Trans Mountain Pipeline (Puget Sound) LLC ("Puget"), Trans Mountain Pipeline ULC ("TMP ULC"), and Trans Mountain Canada Inc. ("TMCI"). Together these entities own and operate the Trans Mountain pipeline ("TMPL") and the Puget Sound pipeline ("Puget Pipeline"). TMPL has operated since 1953, and transports crude oil and refined petroleum from Edmonton, Alberta to Burnaby, British Columbia, with a capacity of approximately 890,000 bpd. Puget owns the Puget Pipeline, which interconnects with TMPL at the international border near Sumas, British Columbia, and transports crude oil to refineries in Washington State. TMP ULC is the General Partner of TMP LP, and TMCI employs the workforce that manages and operates the pipelines and related assets. These condensed consolidated financial statements include operating results of TMC and the wholly owned Trans Mountain entities, including the Trans Mountain Pipeline Reclamation Trust which is consolidated with the Corporation.

TMC's mandate is to operate, optimize and grow the TMPL and Puget Pipeline in a commercially viable manner. TMC seeks to operate in compliance with applicable laws, rules and regulations and manage the business in a commercial manner.

Basis of Presentation

The accompanying condensed consolidated financial statements are prepared in accordance with U.S. GAAP, as contained in the Financial Accounting Standards Board Accounting Standards Codification ("ASC"). TMC believes that U.S. GAAP provides better comparability with industry peers and best reflects the economic effects of the actions of regulatory bodies on its operations. In preparing these condensed consolidated financial statements in accordance with U.S. GAAP, all intercompany items have been eliminated on consolidation.

In management's opinion, all adjustments considered necessary for a fair statement of the financial position and operating results have been included in the accompanying condensed consolidated financial statements. The Corporation's interim results may not be indicative of annual results. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2025. These condensed consolidated financial statements follow the same significant accounting policies as those included in the consolidated financial statements for the year ended December 31, 2025.

Amounts are stated in Canadian dollars, which is the functional currency of all of the Corporation's operations, except for Puget which uses the U.S. dollar as its functional currency.

These condensed consolidated financial statements were authorized by the board of directors on May 7, 2026. Subsequent events have been evaluated from March 31, 2026 to the date the condensed consolidated financial statements were available for issue on May 7, 2026 and, other than the dividends declared as described in Note 5, there are no subsequent events which would require adjustment to the condensed consolidated financial statements and related disclosures.

2. Revenues

Disaggregation of Revenues

The following table presents revenues disaggregated by revenue source and type of revenue for each revenue source:

	Three months ended March 31,	
	2026	**2025**
(millions of Canadian dollars)		
Transportation service		
Firm services [(a)]	591	625
Fee-based services [(b)]	119	81
Regulatory adjustment [(c)]	4	7
	714	713
Leases	14	15
Other	1	1
Total revenues	**729**	**729**

(a) Firm services include TMPL non-cancellable firm service customer contracts where there are minimum volume commitment elements and the price is fixed. Amounts exclude the variable toll component related to the firm service contracts, which are reported as "Fee-based services."
(b) Fee-based services include the TMPL variable toll component from firm service contracts and consideration from uncommitted transportation services, including Puget transportation service revenue.
(c) Regulatory adjustments are made for differences between TMPL tolling methodology approved by the Canada Energy Regulator (the "CER") and actual tolls collected on the TMPL.

Contract Liabilities

Contract liabilities are the result of timing differences between revenue recognition, billings and cash collections and represent payments received for performance obligations which have not yet been fulfilled. Contract liabilities primarily relate to make-up rights and deferred revenue for firm service contracts on the TMPL. Contract liabilities also include capital improvements paid for in advance by certain customers, generally in the Corporation's non-rate-regulated businesses, which are subsequently recognized as revenue on a straight-line basis over the initial term of the related customer contracts.

Contract liabilities are presented as follows:

	March 31, 2026	**December 31, 2025**
(millions of Canadian dollars)		
Other current liabilities	77	47
Other deferred credits	3	3
Total contract liabilities	**80**	**50**

For the three month periods ended March 31, 2026 and 2025, revenues recognized that were included in contract liabilities at the beginning of the year were $25 million and $28 million, respectively.

2. Revenues *(continued)*

Revenue Allocated to Remaining Performance Obligations

The following table presents the estimated revenue related to remaining performance obligations for contracted revenue that has not yet been recognized as of March 31, 2026 and will be invoiced, or transferred from contract liabilities as disclosed above, and recognized in future periods.

Year	Estimated Revenue
(millions of Canadian dollars)	
Remaining 2026	2,007
2027	2,631
2028	2,696
2029	2,756
2030	2,825
Thereafter	43,810
Total	**56,725**

The contractually committed revenue primarily consists of customer contracts for firm service, which have minimum volume commitment payment obligations. The actual revenue recognized on these customer contracts can vary depending on the service provided. The contractually committed revenue for purposes of the tabular presentation above is generally limited to the minimum revenue commitment under these customer contracts. Variable toll components from firm service contracts and consideration from uncommitted transportation services are excluded from the amounts above.

3. Income Taxes

Income tax expense included in the condensed consolidated financial statements is as follows:

	Three months ended March 31,	
	2026	**2025**
(millions of Canadian dollars)		
Current tax expense	3	2
Deferred tax expense	29	55
Total income tax expense	**32**	**57**
Total effective tax rate	24.8%	27.8%

The total effective tax rate for the three month period ended March 31, 2026 was consistent with the total of the federal and provincial statutory rates of 15.0% and 9.8%, respectively. The total effective tax rate for the three month period ended March 31, 2025 was higher than the statutory rates of 24.8% due to the permanent tax rate impact of provincial income allocations during the quarter.

4. Debt

The carrying value of debt included in the condensed consolidated financial statements is as follows:

	March 31, 2026	December 31, 2025
(millions of Canadian dollars)		
Credit Agreement with parent		
Acquisition Facility	2,506	2,506
Construction Facility	6,162	6,162
Refinancing Facility	3,332	3,332
Working Capital Facility[(a)]	-	-
Financial Capacity Line of Credit with parent[(b)]	-	-
Total debt	**12,000**	**12,000**

(a) As of March 31, 2026, the Working Capital Facility has $500 million of available capacity.
(b) As of March 31, 2026, the Financial Capacity Line of Credit has $550 million of available capacity.

4. Debt *(continued)*

Credit Agreement

TMC has a credit agreement with TMP Finance dated August 29, 2018 that was amended most recently on December 13, 2024 (the "Credit Agreement"), which includes three non-revolving term loan facilities, an Acquisition Facility, a Construction Facility, and a Refinancing Facility, and a revolving Working Capital Facility (collectively, the "Facilities"). The Facilities have an interest rate of 5% on amounts outstanding, which is paid monthly, and principal repayments prior to the maturity date of August 31, 2032 are permitted. There are no financial covenants. See Note 5 for further details on transactions with related parties.

Financial Capacity Line of Credit

TMP LP has a $550 million line of credit agreement with TMP Finance dated March 25, 2019 (the "Financial Capacity Line of Credit") that was amended most recently on October 27, 2023, which is designed to meet the CER mandated financial capacity requirements. The Financial Capacity Line of Credit matures 5 years following the date of the advance or as otherwise extended in accordance with the agreement and has an interest rate of 5% on amounts drawn and a commitment fee of 0.3% on the unadvanced portion. There are no financial covenants.

Letter of Credit Facilities

The Corporation entered into a $100 million third party uncommitted senior demand revolving letter of credit facility (the "LC Facility") on February 5, 2025. As of March 31, 2026, TMC had letters of credit of $49 million issued and outstanding from the available $100 million LC Facility.

5. Transactions with Related Parties

The Corporation is related in terms of common ownership to all Canadian federal government departments, agencies and Crown corporations. The Corporation may enter into transactions with some of these entities in the normal course of business.

Transactions with TMP Finance

Interest and Commitment Fees

TMC incurred interest and commitment fees on debt with TMP Finance. See Note 4 for more details on the Credit Agreement. For the three months ended March 31, 2026 and 2025, TMC incurred $148 million and $148 million, respectively in interest and commitment fees on debt with TMP Finance. As of March 31, 2026 and December 31, 2025, there is no unpaid interest owed to TMP Finance.

Subscription Agreement and Dividends

TMC has a subscription agreement with TMP Finance (the "Subscription Agreement") under which the Corporation will distribute excess cash to TMP Finance in the form of dividends, share repurchases or repayment of debt, subject to the discharge by the Board of Directors of the Corporation of its fiduciary duties under applicable laws. The Corporation will retain cash reserves sufficient to meet ongoing operating costs, sustaining and growth capital and tax requirements.

For the three month periods ended March 31, 2026 and 2025, the Corporation declared dividends to TMP Finance of $250 million and $193 million, respectively. As of March 31, 2026 and December 31, 2025, the dividends payable to TMP Finance were $50 million and $100 million, respectively.

Subsequent to period end, on May 7, 2026, Trans Mountain declared $300 million in dividends to TMP Finance.

6. Supplemental Cash Flow Information

The table below presents the changes in operating non-cash working capital:

	Three months ended March 31,	
	2026	2025
(millions of Canadian dollars)	Decrease (Increase)	
Accounts receivable	18	(4)
Deferred amounts and other assets	6	15
Regulatory assets	8	52
Accounts payable and accrued liabilities	5	(37)
Interest payable	-	(48)
Pension and post-employment benefits	2	-
Regulatory liabilities	(5)	(1)
Lease liabilities	4	-
Other liabilities and deferred credits	26	(62)
Total	**64**	**(85)**

7. Risk Management and Financial Instruments

Credit Risk

The Corporation is exposed to credit risk on cash and cash equivalents, restricted cash, and accounts receivable, which is the risk that a customer or other counterparty will fail to perform an obligation or settle a liability, resulting in a financial loss to the business.

The majority of the Corporation's customers operate in the oil exploration and development, or energy marketing or transportation fuel industries. There may be exposure to volatility in energy commodity prices and economic instability or other credit events impacting these industries and customers' ability to pay for services. The exposure to credit risk is limited by requiring shippers who fail to maintain specified credit ratings or a suitable financial position to provide acceptable security, generally in the form of guarantees from credit worthy parties or letters of credit from well-rated financial institutions, or prepayment for services. As of March 31, 2026 and December 31, 2025, there were no significant accounts receivable past due and no credit losses recorded.

Cash and cash equivalents and restricted cash are held with major financial institutions that are rated A-, A3, or A Low or better, minimizing the risk of non-performance by counter parties.

Foreign Currency Transactions and Translation

The Corporation is exposed to foreign currency risk from foreign currency transaction gains or losses resulting from a change in exchange rates between the functional currency of an entity and the currency in which a transaction is denominated. Unrealized and realized gains and losses generated from these transactions are recorded in foreign exchange gain or loss in the accompanying condensed consolidated statement of income (loss). Management does not believe that the exposure to foreign currency transactions is significant.

7. Risk Management and Financial Instruments *(continued)*

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations, including commitments, as they become due. Liquidity risk is managed by ensuring access to sufficient funds to meet obligations. Cash requirements are forecasted to ensure funding is available to settle financial liabilities when they become due. The primary sources of liquidity and capital resources are funds generated from operations and issuance of debt, including the available capacity on the Working Capital Facility. See Note 4 for details on debt.

Interest Rate Risk

The Corporation does not have significant exposure to interest rate risk as loans from its parent are at fixed interest rates and there were no floating interest rate instruments throughout the period or at the balance sheet date. As such, exposure to interest rate risk would arise on refinancing.

Significant Shippers

For the three month period ended March 31, 2026, there were four customers that each individually represented between 11-22% of total revenue. For the three month period ended March 31, 2025, there were four customers that each individually represented between 10-23% of total revenue. Firm contracts represent approximately 80% of the system's capacity and are held by eight customers.

8. Litigation, Commitments and Contingencies

Legal Proceedings

The Corporation and its subsidiaries are subject to various legal and regulatory actions and proceedings which arise in the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, management believes that the resolution of such actions and proceedings will not have a material impact on the Corporation's financial position or results of operations. There were no accruals for outstanding legal proceedings as of March 31, 2026 and December 31, 2025.

Commitments

The Corporation has the following contractual obligations outstanding as of March 31, 2026:

	Remaining 2026	**2027-2030**	**Thereafter**	**Total**
(millions of Canadian dollars)				
Capital	2	-	-	**2**
Operating	70	280	895	**1,245**
Total	**72**	**280**	**895**	**1,247**

Capital Commitments

Capital commitments are generally made up of irrevocable commitments primarily related to the remaining work on the TMEP.

Operating Commitments

Operating commitments primarily relate to commitments to provide funding to support indigenous and local communities, payments to the Province of British Columbia (the "Province"), and commitments for power and other services. Expenses related to these operating commitments are recorded in "Pipeline operating costs" as incurred. Certain commitments include an estimate for increases in the consumer price index.

In order to meet the conditions to operate in British Columbia, the Corporation is committed to making long-term payments to the Province over an initial 20-year term. Payments include an annual guaranteed amount of $25 million and a variable amount based on uncommitted volume revenue, to a maximum combined payment of $50 million annually. Future payments included in the above table represent the minimum guaranteed amounts.

8. Litigation, Commitments and Contingencies *(continued)*

Flood Insurance Proceeds

In 2021, there was widespread flooding in British Columbia and Washington State, which resulted in financial losses, including damage to TMC's assets, delays to the TMEP construction, and business interruption. The Corporation has recognized a total of $128 million in insurance proceeds since the initial event in 2021. For the three month period ended March 31, 2026, insurance proceeds of $10 million were recognized as a recovery of capital costs on rate-regulated assets. No amounts were recognized for the three month period ended March 31, 2025. There were no insurance proceeds receivable as of March 31, 2026 and December 31, 2025.